HOW CORPORATIONS INVEST THEIR SURPLUS FUNDS

The MAGAZINE of WALL STREET

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EDITED BY

Richard D. Wyckoff

Crisis in French Finance

10 Stocks Behind the Market

New Traps for Investors

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With the Editors

Why You Must Watch Your Securities

A FEW years before the war, an investor, just retired from business, invested his entire capital in long-term high-grade bonds, intending that he and his family should live on the income. Each bond making up his list was carefully selected under competent advice. He is still receiving his interest, and the bonds are selling for about what he paid for them. On paper, therefore, his position is satisfactory. Yet, things are not well with this investor. The reason is that the buying power of the interest received from his bonds has diminished and his income, consequently, is reduced proportionately. Actually, he is getting only about 60 cents on the dollar in terms of purchasing power. What he hoped would be a permanent sound investment has turned out a partial failure.

We give this little story to show how difficult it is for any man to say with certainty that his investments will be permanently satisfactory. Changes occur which affect the value of all securities, some to their advantage and others to their detriment.

There is certain stock listed on the N. Y. Stock Exchange which several years ago sold at $1 a share. The company was close to receivership and nobody wanted the stock. To-day, that same issue is selling at around $30 a share and the company is prosperous. In the two-year period, something happened which entirely transformed its position. Many years ago, St. Paul preferred was considered a sound investment. To-day, it is a speculative football. There are hundreds of such examples.

One year a stock pays a handsome dividend; several years later the dividend is cut or suspended entirely. A preferred stock which is avoided by conservative investors several years later becomes a high-grade investment. General Motors a few years ago was thought to be near the end of its rope. The other day, it increased its dividend.

New inventions, new methods, new public appetites! The panorama of business life changes steadily and investment values along with it. *The only real security in investments is the never-failing effort of the investor to watch his holdings closely. The intelligent investor is never surprised by changes in the investment world. He expects them and consequently is ready for them.*

The investor who buys securities and then makes no further effort beyond collecting his dividends or cutting his coupons obviously is bound for trouble.

In the final analysis, the success which a man achieves in investments depends on the same factors which make him a success in any other field, and those are: intelligence, a capacity for efficiently directed effort, and that essential shrewdness which impels the ambitious man to study his fellows' failures and how to avoid them.

In the Next Issue

BUSINESS CONDITIONS THROUGHOUT THE COUNTRY

An authoritative analysis, given in great detail, of the exact business situation in various parts of the country. For the business man, this should be an invaluable study. For the investor, it should prove helpful and serve to clarify his ideas on many points which may be obscure to him.

IS THE BULL MARKET NEARING ITS END?

After over four months of practically uninterrupted advance, the stock market as a whole has reached the highest point in its history. Stocks which have doubled and tripled in value continue to advance. Apparently there is no end to the movement. A concise picture of the actual situation together with our forecast of the future of the market will be given in the next issue. Every investor will find it to his advantage to read this article.

WHICH COMPANIES HAVE THE LARGEST WORKING CAPITAL?

We give a list of twenty-four companies which are in a tremendously strong financial position. Also a statistical survey of the common stocks of these companies with brief comment as to their market prospects. Some unusual opportunities for switching are disclosed by this analysis.

THE OUTLOOK FOR WHEAT AND COTTON

Covered by two well-known experts. Cotton and wheat are two commodities whose outlook exerts a profound influence on business and securities. This article is worth the attention of every business man and investor.

The next issue contains a great deal of practical information on subjects with which investors are generally not familiar. Among them may be cited an article on *Guaranteed Railroad Stocks,* offering many opportunities for sound, conservative investment; there is also a bright, helpful article covering stocks engaged in *The Amusement Field;* another of our series on *Making Wall Street Safer for Investors* and many others of equal calibre.

The MAGAZINE of WALL STREET

BANKING EDITOR H. PARKER WILLIS | EDITOR RICHARD D. WYCKOFF | MANAGING EDITOR E. D. KING

INVESTMENT & BUSINESS TREND

Permanent Investments Again—End of the Congress—Stock Financing—The Market Prospect

RECENTLY there has been a good deal of discussion of an idea presented last year by THE MAGAZINE OF WALL STREET to the effect that stocks proved better investments than bonds during the past decade. Old-fashioned investors shrink from this thought and continue to concentrate all their surplus funds on bonds. Their theory is that bonds are "safer" than stocks. To be sure, they are encouraged in this view by unprogressive advisors whose intention to aid their clients, it seems, exceeds their wisdom.

The facts, nevertheless, show conclusively that an investment ten years ago in high-grade bonds would have been far less successful than an investment in sound common stocks. This is obviously true from the viewpoint of price appreciation when we consider the enormous advance in the price of stocks, but is even more strikingly true from the viewpoint of income. With the dollar now worth about 40% less than in 1914, owing to the inflation which has taken place since that time, it is evident that the present holder of bonds purchased in 1914 would have incurred a depreciation in income proportionate to the decline in purchasing power of the dollar. At the same time, the inflation which impaired the value of bond income has increased the income derived from stocks. Thus, most of the more important companies are to-day paying larger dividends than ten years ago.

Space does not permit elaboration of the arguments which show the superiority of stock investment over bond investment in the past decade but the few facts presented here should be sufficient. As to the future, it must be considered that this country has by no means reached the limit of industrial growth. Increase of population and consumer demand which is indicated for generations to come show that the shareholder—or partner in business—has reason to look forward to continued satisfactory results from his wisely selected stock investments. While greater nominal safety may be had in bonds than during the past decade, the advantage, all things considered, still remains with the shareholder.

CONGRESS QUITS

THE end of the Sixty-eighth Congress gives no cause for regret. The paucity of constructive measures passed by this body marks it as one of the least helpful in the past generation. Principally, this was due to the unwieldy make-up of the Congress which gave the balance of power to the radical element. The last election fortunately changed this condition and with the elimination of the radicals as an important factor the way is paved for some really constructive legislative measures in the next Congress which meets in December. It is just as well, however, that the next meeting of Congress does not take place for nearly a year, barring an extra session which seems unlikely.

The country can stand a rest from its legislators and in the meantime, business may be counted on to take advantage of the surcease of legislative activity. Plans for expansion can now proceed without fear of adverse legislation, such as has marked the situation in the past few years. We are well rid of the Sixty-Eighth Congress.

PRICE OUTLOOK

THE present tendency of commodity prices is moderately upward. The February reaction has about run its course and the present situation indicates that another advance is in prospect. Among the principal commodities, steel, oil, lumber, chemicals, the grains and cotton are firm or advancing. The metals are slightly reactionary but should respond definitely to the anticipated rush of orders. Even sugar has recently shown some signs of life. Preparations are being made for a large volume of Spring business and consumers who have been holding off in the hope of lower prices are likely to be disappointed.

STOCK FINANCING

SINCE the election of Coolidge, there has been a large increase in stock offerings, ranging from railroad to radio securities. The latter and other speculative issues predominate. Undoubtedly such financing has been made possible by the increase in stock market activity and public speculation. Generally, at such a time new issues are put out at inflated values. It behooves the investor to scrutinize more closely than ever the merits and demerits of issues placed before his attention at this time. For the small investor this is especially important. New stock issues of recently organized companies in the nature of things are bound to be speculative. The small investor should follow the policy of sticking to sound securities with good dividend records.

HOW'S BUSINESS?

THE general condition of business is satisfactory. Volume of trade is of good-sized proportions. Bank clearings are above those of the same period of 1924. Steel industry is operating at close to capacity. Car loadings are substantially ahead of those of last year. Manufacturing industries generally have been stimulated by the flow of orders since the election. Prices are firm. Confidence in the outlook is fairly general.

With this background, fears as to the immediate outlook for business appear groundless. Nevertheless, when examination is made of the longer-range prospect the feeling indeed is not quite so optimistic. The high rate of current production is leading to a situation where existing deficiencies of supplies will be steadily reduced and where buying will probably contract. Already, slight signs of this have appeared in the steel and metal fields. Money rates, likewise, are advancing as indeed are the general costs of business operation. Margin of profit is above that of the last half of 1924 but is satisfactory only in relation to the large gross volume of business. The situation for the next two or three months should be about as good as the present. After that conditions will depend largely on the crop outlook.

REDISCOUNT RATE INCREASED

AS forecasted in these columns recently, the N. Y. Federal Reserve Bank raised its rediscount rate from 3 to 3½%. The immediate effect was a slight stiffening in the call money rates but results in other money markets were inconsequential. Increase in the rediscount rate is merely a reflection of the higher rates which have existed in the open money market for some time and as such was a more or less automatic development. Its significance, therefore, is not particularly large except insofar as it may be taken to represent the attitude of the Federal Reserve Board. If this body intended the raise to act as a warning against speculation and inflation then its effects may be salutary. Otherwise, it will be compelled at some later date not far in the future to raise the rate again. In any event, the outlook is for a gradual increase in money rates.

THE MARKET PROSPECT

IN our opinion the stock market has definitely arrived at a point where holders of most common stocks should give serious consideration to the matter of liquidating their long speculative positions. With prices of stocks still hovering around their record high levels, a large profit exists for those who have held until now.

It will be remembered that our former Buying and Selling Zone graph was rendered obsolete by the action of the market in working up through previous years' areas of distribution, indicating the release of new forces sufficient to form a new and higher Zone. The old Selling Zone covered a range of, say, 90 to 100 for the average price of fifty stocks. Recently, these averages reached 112.85, after overcoming a good amount of resistance a few points below. From present indications we judge that the new Selling Zone will probably form in an area above 110.

Our belief is that one should now take advantage of the strong spots in the market to turn his speculative holdings into cash.

Monday, March 9, 1925.

The Crisis in French Finance

The Franc Reaches Last Line of Retreat— What This Important Development Means to the American Investor

By Theodore M. Knappen

Premier Herriot

Finance Minister Clémentel

THE day of reckoning has come to France. She must soon choose to follow belatedly the hard way taken by England and the United States that leads back to impregnable credit and orderly national finance or she must drift down to the gulf of repudiation as Germany tobogganed with her old mark.

The French investor, always patriotic and always believing in the integrity of his government, has begun to doubt. Debt piled on debt and loan on loan, paper francs rapidly issued but even then not enough to keep the whole 41 billion mass buoyant, have at last begun to alarm Jean Crapaud.

The flight from and of the franc has begun. French capital, fearing a repetition of the débâcle of the mark, has sought to pass the frontiers of France and already, it is believed, not less than 14 billion francs have been transferred. Sold in such quantities, the franc—retrieved only a year ago from the verge of three cents—has again begun to tremble in the balance and recourse must probably be had to artificial means to peg it where it is pending some fundamental reorganization of French national finances. For this purpose, and also as a sobering up draft after its financial spree the French treasury is likely soon to come to America for another "touch," the amount being named as $135,000,000.

This sum is trifling as between such colossal creditors and debtors as the United States and France but its obtainment will turn on the judgment of our international bankers regarding French ability to pay and a change of the French government's policy with respect to the will to pay. This time, too, the client banks and even the individual investors who will ultimately have to take this new French loan, as they have taken all its commercial predecessors, may have something to say. If the French investor is beginning to lose faith in the financial soundness of his own government the humble American investor may possibly decline a patronizing invitation to step up to the counter, see the cashier, and subscribe for a block of French bonds.

This is a good time for the American investor who has a fondness for high-return foreign bonds to study the financial position of France, both fiscal and commercial, so that he may be prepared to decide intelligently as to his further investment in French securities and his retention of what he may already have. In the first place, it should be noted that he is probably not directly interested in the exchange rating of the franc, because all the French loans floated in the United States have been in dollar terms, and future issues will be in the same terms. An occasional adventurer may have bought franc securities as a speculation but it is safe to say that all franc securities held by American citizens will not total more than a few million dollars, including actual purchases of francs. There has been nothing like the mania that caused otherwise sane Americans to throw a billion dollars into the hole scooped by the crashing and vanishing mark.

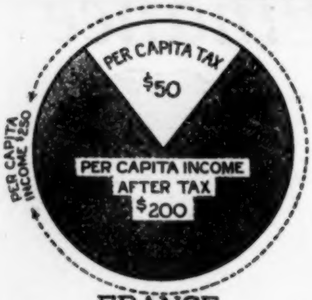
The American investor is interested in the franc chiefly as a barometer of French financial weather and as an indication of French fiscal policy. At this writing the franc is quoted at 5.05 cents against par value of 19.3. Whether it shall go still lower, be stabilized approximately where it is, or, like the English pound, be brought back to normal is an absorbing problem for the French people, but largely a domestic one so far as the owner of French dollar securities is concerned, except as the descent of the franc may be associated with a general demoralization and even collapse of the whole French finance and credit structure.

If the government should not be able to collect enough francs at any price to meet its gold obligations the American investor would be directly involved to the extent of his collective $270,000,000 of holdings of French government bonds and those guaranteed by it; viz., the three cities, Bordeaux, Paris, Soissons, and the Department of the Seine, amounting to $82,000,000.

If the disorganization of business, following a further descent of the franc, should affect the gold earnings of such Wall Street bonds as those of the Paris, Lyons and Mediterranean, Nord, Paris & Orleans, Midi and Est railways, the French steamship, steel and other issues that have been floated in the United States, he would have a further painful interest in the matter to the extent of $132,000,000.

Total American holdings of French securities, either dollar or franc, and all American direct investments in France, including the capital of American banking houses having branches in France and branches of American industrial corporations, probably do not exceed a billion dollars of which bonds make up fully half.

A factor profoundly affecting French governmental credit at present is the failure of the government so far to meet boldly the problem of what French and English economic writers class as "political debts." These are the debts owed by France to the governments of the United Kingdom and the United States for advances made by them during and after the war. At the end of 1923 these debts, principal and interest, amounted to 33,539,599,000 gold francs, or, at the present rate of exchange, about 132 billion paper francs. Now a franc looks about as big to a Frenchman as a dollar to an American, and the only figure he ever thinks of is the paper franc figure. To an American the political debt is only about 6.5 billion dollars. The Frenchman's figure looks impossible; the American's possible. And in the



FRANCE

category of the impossible the Frenchman also includes the 15.6 billion francs ($3,122,000,000) her allies borrowed from France. Also with many a shrug and sigh he consigns all German reparations, except the Dawes plan residue, to the limbo of doubtful or charged-off accounts.

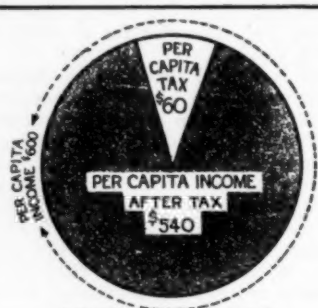
However, regardless of the equities involved in this matter of interational lending, it seems tolerably certain that the United States will insist upon and that France will agree to funding the American share of this debt, about $4,600,000,000, on about the same terms as the British got for their refunding of their similar debt. On that basis France would have to pay the United States $124,000,000 a year. The outlook is that France will get easier terms from England which at heart has about the same views about "political debts" as France and would like to see them mutually cancelled and the war debts of the allies pooled.

The French government foreign commercial debt, which is being punctually met, is made up of notes held by the Bank of England, bonds delivered to the British government in payment for British war stocks left in France, similar bonds given to the United States government, government bonds, government guaranteed bonds of municipalities and bank credits in foreign countries, amounting to about 5.45 billion gold francs, and bringing the whole French government external debt and obligation up to nearly 39 billion gold francs (and gold these must remain), or approximately 168 billion paper francs.* Those are the sums of the outside world that would be imperilled by a collapse of France to the point of both internal and external bankruptcy.

The whole debt of the French government, internal and external, politicall and commercial, at the end of 1921 was 437 billion francs, equivalent to around 109 billion gold francs, or about 22 billion dollars, at some recent values of the paper franc. But much of this debt was contracted when the franc was near par. On a par basis it would be more than 80 billions or more than 40 billions on a 50 per cent basis. Compare these fantastic figures with the United Kingdom's debt of 40 billions at Sterling par and the United States' 23 billions.

The lower the franc goes the lower the French internal debt goes with it, measured in real values. The temptation, therefore, to French public men to solve the staggering national debt problem by letting the franc stay somewhere around the present point or at any rate not to raise it above 50 per cent is overwhelming. It is the way to repudiate without repudiating.

With a franc permanently maintained at five cents France reduces the burden of her internal debt by, say, 75%. The number of francs making it up remains the same but their equivalence in wealth declines 75%, which means that it will take 75% less real wealth to liquidate the debt than as if the franc were at par. So reduced, the French debt, both internal and external, becomes a manageable proposition. As the external debt is on a gold or at least almost entirely on a Sterling and dollar basis—and this applies to corporate as well as



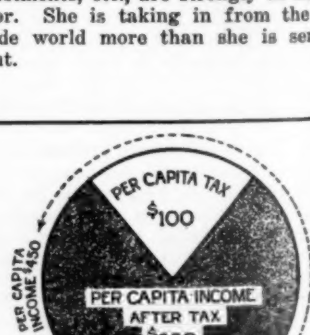
UNITED STATES

state obligations—the question is solely a French domestic one. If they want to pay themselves off in five-cent francs, which is of course what they are doing at the moment, they can keep right on doing it without giving offense to outsiders. Owing to the fact that the domestic purchasing power of the paper franc has not fallen so fast as its gold value the present monetary situation is very helpful to French manufacturers engaged in export trade, as their costs are kept down for labor and domestic raw materials.

French export trade is booming, exports have at last exceeded imports, which is a factor in the stabilization problem; and so there is another argument for not monkeying with the franc where and as it is. But, we are told, long-term French creditors and debtors alike take it for granted that the franc will go back to par; so that there will be a storm of indignation in some quarters when it becomes apparent that the franc is to remain devalued in fact if not by statute. The devaluation is now a fact; the question is whether it shall be undone and gains and losses and great commercial disturbances thereby be repeated. French economists are generally agreed that devaluation should be recognized. This is one way to make a capital levy without the name. At any rate the American holders of French securities should feel easier about their holdings if the French government should in fact reduce the major part of its debt burden by 75% in a perfectly legal way and without resort to avowed repudiation. It would make it that much easier for the French government to meet their bonds.

As a matter of fact they have not much to worry about, although the psychology of the situation is not favorable to French bonds. M. Clémentel, the finance minister, took pains to declare in his address that caused such a stir that whatever France's views about the ethics of international political debts she intended to honor her signature at any cost. As for the commercial debts they are as good as France is, and that is no small degree of goodness. In the first place, France has a spotless record since the Revolution of meeting every national obligation, no matter by what sort of a government incurred. M. Herriot has no little justification for his assertion that France does not know the meaning of repudation. In the second place, all French business is on a high plane in respect to the recongition and payment of debts. In the third place, there is the palpable recovery of French agriculture, commerce, and industry from the effects of the war. All are about back to where they were. Steel production is larger, so is coal production, and also consumption. France leads Europe in iron-ore production, and is second only to the United States in the world.

The war restored Alsace-Lorraine to France, added 360,000 square miles to her colonial empire, and replenished national energy and ambition. The balance of trade swayed to France's favor in 1924 for the first time in many years, and the intangible balances of her international relations, such as tourist patronage, foreign investments, etc., are strongly in her favor. She is taking in from the outside world more than she is sending out.



ENGLAND

* At exchange rate of March 1, 1924.

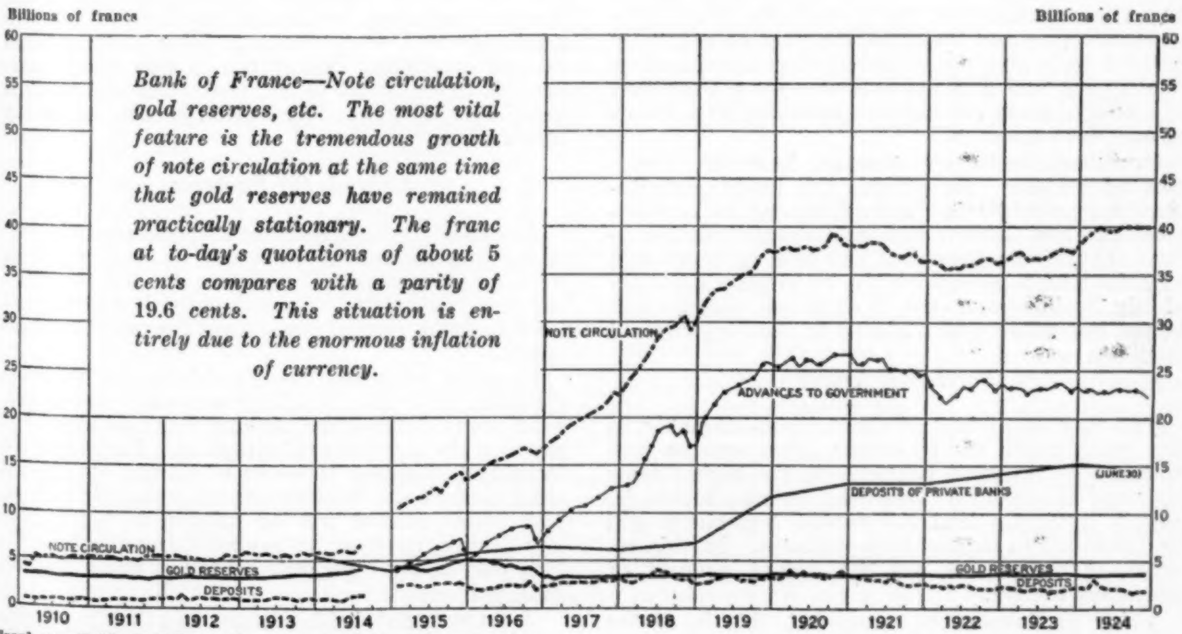
In other words, France is making money in her international relations. Then again the French budget for the first time since the beginning of the war is in balance this year, and there was only a nominal deficit last year. Moreover, taxation recently has been heavily increased. France at last begins to reckon with the piper. National and local taxation for 1925 will consume about 25% of the income of the people, which is even heavier than the taxation the British people have been bearing and is terrific compared with America's 10%. The French are paying about $50 per capita in taxes, compared with England's $100 and the United States' $60. But the per capita income of France is only about $250 as against England's $450 and the United States' $600. In gold francs the burden of the French taxpayer has increased as 100 to 188 since 1913, as 104 to 637 in paper francs and as 100 to 159 in cost of living. The amount of taxes the French pay has been concealed by the fact that about three-fourths of it is indirect. The next move the French must make to re-establish their national credit is to reduce their expenditures heroically whilst maintaining taxation at a high point, and thus create a margin for reduction of the national debt, including the political debts which have been so long shied away from.

There is in France not a little of the same pride that made the British decide to push the pound back to gold parity at any cost. However, British pride was backed by something more substantial. London could not hope to regain and hold her position as the world's financial clearing house until the pound was stabilized as compared with the dollar, and it could be effectively stabilized only at par. To devalue the pound would be an irrevocable confession of financial weakness. England lives internationally and her money must be above suspicion, sentimental or substantial. To leave it to the mercy of fluctuations that will not cease while there is not gold behind the pound would be to continue that instability which, despite some of the advantages of depreciated money, is disastrous to such a great trading nation. Even so there are those who think that England is paying too great a price for what she gets by resuscitating the pound.

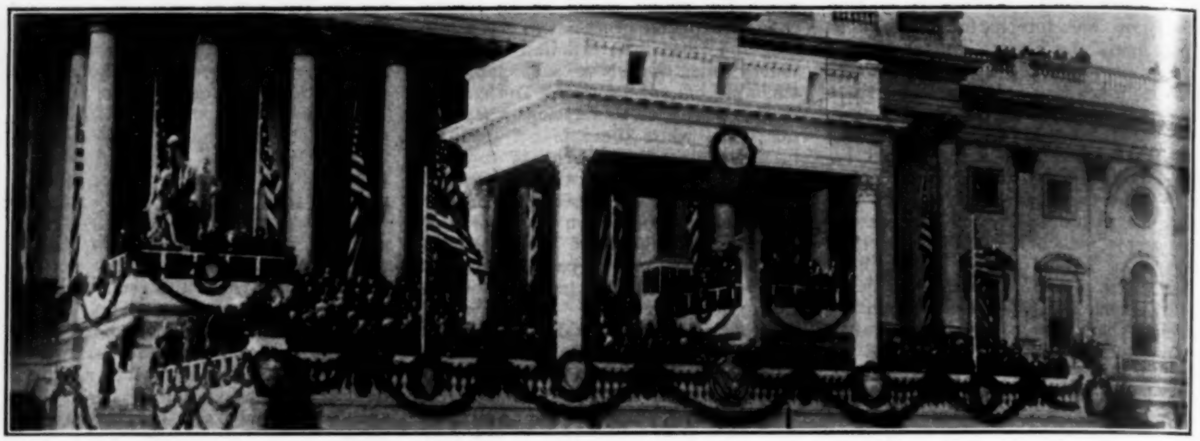
Most economists hold that France should face the question without false pride and wholly as a practical question. Whereas the pound sank at the lowest point only 25 per cent, the franc has gone down now 75 per cent. It has left ruin and distress for some in its descent and fortune and prosperity for others, but it has not diminished the sum of national wealth or crippled its producing power; probably the result on the whole has been the other way. To push it back to par would certainly check the present advance of France in exports of manufactured goods (which is so essential to the maintenance of internal prosperity) and would tend to bring ruin to the producing classes, whereas it is the non-producing classes that have suffered from the decline.

In time all earned incomes will adjust themselves to the new level. The permanent sufferers will be the holders of fixed-return securities. So far as these are governmental their owners will, however, benefit from the lighter burden of taxes that will come from the virtual reduction of the national debt through depreciation of the currency. But while there are powerful arguments in favor of not restoring the franc or at least doing so very slowly, there are even stronger arguments against letting it go any lower. The limit of endurance of the owners of investment capital has been reached. They are now exporting their funds; and exportation will still further depreciate the franc. And the lower the franc goes the greater the flight from it. The fate of Germany at a similar conjunction is a warning to France and the world. France dare not let the franc sink lower, and the world—just at the turn of the road to better times—cannot afford to have France repeat the course of Germany. The outcome probably will be that France will reluctantly make the sacrifices necessary to take care of her "political debts" and keep her budget balanced.

Some fresh external loans will be necessary to handle the refunding of her floating and short-time debt, which aggregates 90 billion francs; and perhaps the bankers of Britain and the United States will supply the needed money if assured that France is at last determined to pay up instead of borrow hereafter, either at home or abroad. Indeed, the limit of internal loans has been reached. The French investors, if they have available funds no longer have faith in securities that yield diminishing returns. The constantly advancing commodity index now stands at 507.5 with the 1913 index as 100 and the cost of living is at 377 and rapidly advancing. The price of bread has become a political problem; the gulf between wages and living costs gapes wider and wider. Social disturbances and industrial disruption threaten. The franc has reached the last line of its retreat. It must hold or utterly collapse!



Graph compiled by U. S. Senate Commission of Gold and Silver Inquiry



What Will the Administration Do For Business?

A Reaction from the President's Inaugural Speech

By E. D. KING

THE incoming President's inaugural speech is always greeted with respectful attention because in a general way it is held to outline the new Administration's attitude on the national policies to be pursued during the coming four years. To business, especially, the inaugural message is highly important because it discloses whether or not the President has any economic policies which will react one way or another. Of course, a good deal is known of the President's attitude before and after election but the period intervening between election and inauguration may be generally counted on to give the President-elect new ideas on vital topics, and it is not unknown for a President to blandly ignore pre-election promises as a result of new developments.

President Coolidge's message, however, disappointed no one. He affirms the traditional Republican principle of "more business in Government and less Government in business." It is evident that, if the President can help it, there will be little interference with the legitimate activities of Big Business and that, if anything, policies will be put into effect which should in the long run aid business.

For Lower Taxes

The most important of these, unquestionably, is the stand which the President takes against continued high taxation, particularly the higher rates on large incomes. At this point in his address, he clearly intimates that future tax legislation will be favorable to men of large incomes. In this respect, of course, he has the ardent support of Secretary Mellon.

From an investment viewpoint, this is of the greatest importance. Under the present tax law, such a large percentage is levied against big incomes that rich men with large paper profits in securities are unable to take full advantage of this situation as they would have to pay out a large proportion of their gains to the Government. They consequently have little inducement to sell and take their profits unless they can be definitely assured that the next move is a cut in taxation. This assurance they now have. If then, as now appears likely, taxes on large incomes can indeed be cut, the restraining influence which has kept large stockholders from cashing in on their profits will gradually tend to disappear. This factor should assume increasing importance in this year's market. It is likely, all in all, that 1925 will mark a year of stock market distribution because of the tax factor alone.

Hands Off Business

As expected, the President affirmed the principle of leaving business to work out its own problems without Government interference. This is what Big Business wants. Consequently, it will have at least almost a year of peace until the next Congress meets.

In some respects, the President was unsatisfactorily reticent. Nothing was said about railroad consolidations and nothing was said about improving the agricultural situation. Probably, the President classifies these as situations which will tend to work out through natural economic factors, and which should not be subject to legislation. His failure, however, to say anything about remitting part of the high railroad taxes, was a distinct disappointment.

A rather remarkable feature was the President's emphasis of improving business conditions. His

forecast seems warranted by the present situation but tends to cast no light on the underlying factors which in the long run will have a pronounced effect on the long-term business outlook. For example, the entire subject of foreign competition is ignored, the only reference to the subject being the remark on the desirability of retaining a protective tariff. Yet students of the situation fear an increasing flood of foreign competition as the economic position of Europe tends to improve.

Unfortunately, the President avoided the subject of the refunding of foreign loans, probably because he felt that to take a position on these matters at this time might tend to prejudice the entire situation. Nevertheless, it would have been interesting for the country to know just what is going to be done about this question.

There is little in the President's attitude to suggest a change in our international relations. The policy of *laissez-faire,* it seems, will continue. Nothing was said about Russia and no attempt was made to suggest a cure for the economic sore-spots of Europe.

All these matters, the President seems willing for time to adjust. He has no suggestions. Probably he is the wiser in this as past attempts to solve international economic weaknesses have not proved too productive, except with the one possibility of the Dawes plan, now in operation and virtually under probation.

It is when the President touched on the great necessity for reducing national expenditures that he hit a truly popular chord. Without national economy, there can be no cut in taxation. The President intends that there be a cut in taxes and therefore he is obliged to follow out his program of economy. It will not be easy for him to do so. He will have to stand the importunities of the hordes of office-seekers, who are as thick as locusts around this time. He will have to fight with bureaucracy and deep-rooted traditions in the Government service. He will be reviled and calumniated. But he will probably win as he has the backing of the entire country.

There is another aspect of this matter that invites attention. We are today probably the most extravagant nation on earth in respect of Governmental expenditures and this includes our smaller political sub-divisions as well as the Federal Government. Since the end of the war the municipal debt has increased to the staggering proportions of ten billion dollars. Our states, counties and cities are rapidly mortgaging themselves to the hilt. The example of an economically administered Federal Government would be salutary on our minor officials and would tend to stamp out extravagance, graft and incompetence.

One of the great causes for the high cost of living in this country is the tax evil, and if the President can solve this great problem, he will have taken one of the most constructive stands of the century. Probably it is not exaggerated to say that the economic position of this country during the next generation depends on Coolidge's success in running this Government economically during the next four years.

Thus, while the message is not remarkable for its examination of underlying economic conditions, and while in many respects it is not inclusive, nevertheless in its sounding of the call to national economy it ranks as an important document.

From a purely business viewpoint, the message may be considered satisfactory. While the Administration probably cannot do much for business directly, except in the one important respect of cutting taxes, nevertheless the implied promise of the President to allow business to work out its own problems, in a way, is a guarantee of the future. After all, what business has been suffering from in the past two decades has been excessive Governmental regulation. If this can be diminished, then one of the two great obstacles in the way of business will be removed.

Of course, no President can in himself guarantee business prosperity. If general economic conditions in the next year or two are not favorable, then our business will suffer entirely, regardless of what the Administration does. All that can be expected of the Administration is that it will tend to remove present obstacles and impediments to business and allow it to take its own natural course.

HIGH LIGHTS OF THE PRESIDENT'S INAUGURAL SPEECH

1. ". . . the policy of public ownership of railroads and certain electric utilities met with unmistakable defeat (at the polls). The people declared that they wanted their rights to have not a political but a judicial determination, and their independence and freedom continued and supported by having the ownership and control of their property not in the Government but in their own hands.

* * * *

2. ". . . the policy that stands out with the greatest clearness is that of economy in public expenditure with reduction and reform of taxation. No matter what others may want, the people want a drastic economy. They are opposed to waste. . . . The time is arriving when we can have further tax reduction. . . . I am opposed to extremely high rates, because they produce little or no revenue, because they are bad for the country, and, finally, because they are wrong.

* * * *

3. "Under the helpful influences of restrictive immigration and a protective tariff, employment is plentiful, the rate of pay is high and wage earners are in a state of contentment seldom seen before. Our transportation systems have been gradually recovering and have been able to meet all the requirements of the service. Agriculture has been very slow in reviving, but the price of cereals at last indicates that the day of its deliverance is at hand."

Enter: The Management Corporation!

New Tendency in Finance Brought by the War—What It Means to Investors

By RALPH RUSHMORE

THE war did it.

The war brought enormous business activity to America.

It also brought gargantuan profits to many American corporations.

It likewise brought income taxes.

Had the war contented itself with merely bringing the business activity and the big profits, and left the income taxes behind, there wouldn't have been any occasion for this article.

Corporation directors, in those circumstances, could merely have distributed the undivided profits amassed during the war in the good, old-fashioned way—in the form of dividends to stockholders—

And with the distention in their corporate coffers thus relieved, the directors could have relaxed and resumed their places in the comfortable old ruts so many of them sat in before the war began.

Not that Kind of War!

However, it wasn't that kind of war. Far from it!

Instead of leaving income taxes behind, the war took special pains to bring very heavy income taxes along with it.

As a result of these taxes, the old-fashioned dividend method of utilizing surplus profits was rendered exceedingly unattractive.

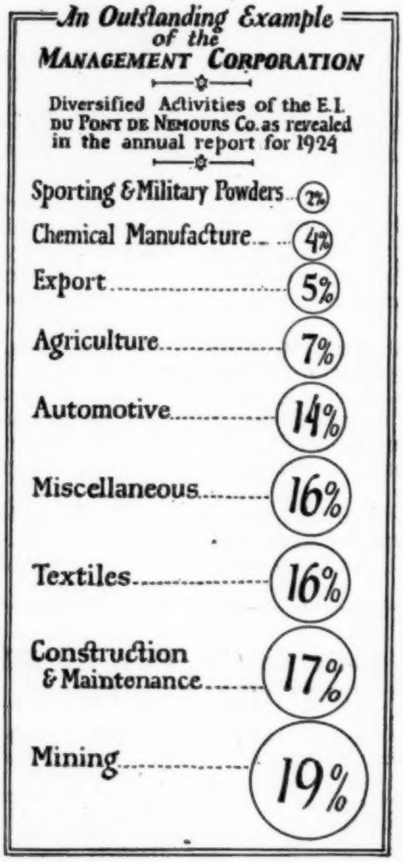
The tax laws fixed it so that the bigger the dividends a corporation paid its stockholders, the bigger the taxes its stockholders paid the State. Thus, in a sense, the taxes fixed it so that the broad effect of big dividends would have been to enrich the State at the expense of the stockholder.

This would have been particularly true in the cases of wealthy stockholders. For many of them, the *only effect* of larger dividends would have been to increase the sums they paid the State in income-tax form.

Necessarily, then, the old-fashioned method of utilizing corporate surpluses failed to appeal. As a result, corporation executives and directors found themselves, after the war, under the necessity of devising some entirely *new* method of utilizing accrued and unneeded profits—some method which would be beneficial to the stockholder at the same time that it steered those excess profits past the reach of the State's grasping paw.

It is the new method of utilizing unneeded surpluses which the corporation directors finally devised that justifies this article—

A method which has contributed to one of the most far-reaching developments of the time and which may yet write one of the most engrossing chapters in the history of corporate finance.



We refer to the expansion of many American corporations, through the investment of at least a portion of their surpluses, into new fields of activity—

And the resultant development—already attained surprising proportions—of what might be called the "Management Corporation"—

That is, a new type of corporation which, instead of confining itself to a single industrial process, spread itself over several lines and which, having discarded the old rule of *specialization* has adopted and is putting into practice the new rule of *diversification.*

Other Things Helped

The tax laws vs. war profits dilemma was not the only factor, of course, contributing to the development of the "management corporation."

Other factors have entered in:

One of these other factors has been the anti-monopoly laws.

Had it not been for the anti-monopoly laws, it is probable that many of the larger corporations would have invested their war profits in a further extension of their operations *in their own fields*. With the monopoly laws, however, such further extension in many cases would have been unwise if not positively illegal.

A second additional factor in the development of the "management corporation" was the enlarged capacity with which many smaller corporations found themselves equipped after the war was over. In not a few cases, much of this enlarged capacity was so much dead weight already. To have added further to it, by reinvesting surplus in additional plant, would have been absurd.

Still another factor in the development of the management corporation has nothing to do either with the tax laws, the monopoly laws or the existing plant facilities of the corporations concerned. It has, however, a great deal to do with the war.

We refer to the broadened viewpoint of the American business man.

Before the war, this American business man—if we judge him by his methods and results—was a pretty narrow-visioned mortal.

Fortunately for him, that world upheaval came along. And with it came the opening up of new vistas, the dumping of plums into his lap, a taste of empire. . . .

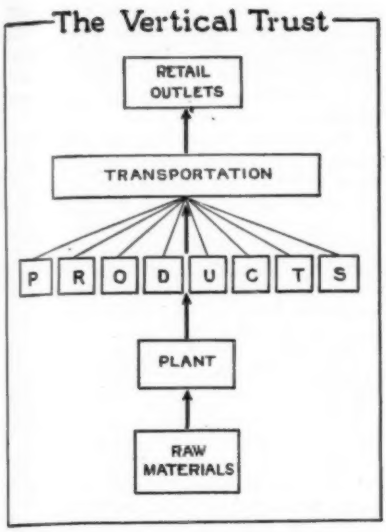
Despite himself, the American business man acquired a broadened viewpoint, an enlarged vision. And the effects were lasting.

What more natural than that this new viewpoint and new vision should find its reflection in the corporations which our American business man ran?

Consider the Effects!

We have now outlined the factors contributing to the development of the "management corporation." Now let us consider some of their effects:

On every side, almost wherever we turn, we find old corporations becoming property holders in new fields—becoming, on a large scale, security holders in other enterprises—adding new kinds of products to the products they always used to handle—rounding off their industrial structures, to make



themselves more fully self-contained—

In steadily growing numbers, we find the "specialty corporation" of yesterday becoming the "management corporation" of today—

In increasing degree, we find confirmation for the belief that the "great" corporation of tomorrow will not be, merely, the leader in the manufacture of steel rails, or in the transportation of freight by ships, or in the production of copper—

But that, instead, the "great" corporation of tomorrow will be a management corporation having direct or indirect relations with many other industries and operations, affiliated with its original field, perhaps, but taking in the whole field rather than a mere part of it.

Shall we cite some examples?

Let us ignore the corporations already mentioned, i. e., U. S. Steel, Canadian Pacific and Ford Motors. They are too obvious.

Everybody knows that Steel controls its own output from raw material to finished product—that it turns out every conceivable product, from pig iron to materials later converted to perfume, that under its control, and contributing largely to its revenues or playing an important rôle in its operations, are railroad companies, shipping lines, iron mines, office buildings and what not—

Everybody knows, likewise, that Canadian Pacific has for years controlled millions of acres of land surrounding its lines—that, in effect, it is the biggest farmer in the world—that it operates hotels and steamship lines on a mammoth scale, in addition to its strictly railroad operations—

And everybody knows the scope and extent of the Ford Motor Co.

Let us ignore these obvious examples of the "management corporation," then, and touch briefly upon some which may not be so generally recognized as such.

The United Fruit Company, for example.

To the average man, United Fruit suggests tropical bananas and the Great White Fleet. Comparatively few realize that, beside its fruit and steamship properties, this company operates great sugar plantations and sugar refineries—

That it operates over 1,200 miles of railroad lines and over 3,500 miles of telephone and telegraph lines—

That it conducts a very extensive general freight and passenger business over its railroad and steamship lines—and that, in addition, it operates two large and commodious hotels—

Even fewer probably realize that United Fruit was a pioneer in the *radio* industry—that, when the Radio Corporation of America was taken over by its present owners, a substantial stock equity went to the United Fruit Co. in consideration of patent privileges owned by the "Wireless Specialty Apparatus Co." with which United Fruit had associated itself through stock interest as far back as twenty years ago.

And even that doesn't complete the story! For, beside all the above interests and affiliations, United Fruit also enjoys a large interest in the New England Oil Refining Company through which it has, what may be called a "participating interest" in rights and equities in some 210,000 acres of oil concessions in the great Maracaibo District of Venezuela, in large part adjoining the already proven Mene Grande field!

Here's another example—one besides which even the mammoth United Fruit enterprise, ramified and consolidated as it may be, seems small.

The E. I. du Pont de Nemours Company.

Probably most investors realize that du Pont is less of a powder company and more of a mixed-product manufacturing company than it used to be. But how many of us, outside of du Pont stockholders of course, realize just how much less of a powder company it is and how much more of a mixed-product company?

The accompanying graph tells the story. It is based on official figures supplied in the exceedingly interesting, revealing and comprehensive report filed by the du Pont directors for the year 1924.

Nor do these figures, impressive as they are, tell the whole story. They are in percentages, and they do not indicate the extent, in dollars and cents, which du Pont's interests in its various lines actually reach. To make up for this deficiency, consider the following facts concerning du Pont's holdings of the largest automobile enterprise in the world—the General Motors Corporation:

As of December 31, 1924, du Pont's "Investment Security" holdings included a 70% interest in 1,875,000 shares of General Motors Corporation common stock, plus its holdings of "Managers' Securities Co. 7% Cumulative Convertible Preferred Stock." *These two items alone are carried in the du Pont report at well over eighty*

A Few of the Companies That Hold Securities in Others

Illustrating One Phase of the "Management Corporation" Idea

COMPANY	INVESTMENT
Ford Motor Co.	Detroit. Tol. & Iron R.R.
du Pont de Nemours	General Motors
U.S. Steel	Union R.R. Co. *
Am. Car & Foundry	Am. Locomotive
Union Pacific R.R.	Scores of Important Railroads
Del. Lack. & West. R.R.	Glen Alden Coal
Anaconda Copper	American Brass
Kennecott Copper	Utah, Braden, etc.
Miami Copper	Tenn. Cop. & Chem.
Balto. & Ohio	Reading
Gen. Electric	El. Bond & Share†
Am. Tel. & Tel.※ Westinghouse, United Fruit Gen. Electric	Radio Corp'n.

* *Among Others* † *Segregated*
※ *Sold Out*

OTHER TIMES, OTHER MODES!

We do not always realize how strongly the forces of evolution are at work, even in the "staid" old field of finance—

Yet here, even more than in most other phases of human activity, development and change are constantly occurring.

This article describes one of the fundamental tendencies of recent times—a tendency whose importance to the investor may prove of the most far-reaching order.

millions of dollars. They do not include other "miscellaneous securities" held, and valued at over eight millions of dollars.

Consider, too, what these General Motors' holdings mean in the way of revenue to du Pont: In 1924, it received over $6,400,000 in dividends from its General Motors common, and an additional sum of more than $4,000,000 accrued to it on its indirect interest in the Fisher Body Corporation. Thus, total earnings received and accrued on the General Motors investment exceeded $10,500,000, while over $1,900,000 addition was received in dividends from the holdings of Managers' Securities.

Du Pont holdings in General Motors are indicated as equalling approximately 1.4 shares of Motors for each 1 share of du Pont. Therefore, with General Motors common paying $6 a share, the returns from this investment alone are equivalent to $8.40 per share on du Pont stock.

Other Examples of Managerial Acumen

The above two examples are particularly good illustrations of the "management corporation" at its best, and raised to the n-th degree.

A host of other illustrations could be cited of developments along the same lines. And although these other illustrations may suffer somewhat by comparison, they are no less surely an indication of the trend and a harbinger of the future:

Among these "other examples," we may cite the now famous Savage Arms Corporation, to which repeated attention has been drawn in this Magazine since the president undertook to make —and succeeded royally in making— a peace prize out of a war bride.

Or, take the American Car & Foundry Co. Here is another good illustration of one form of the Management Corporation idea:

As of April 30th, 1924, American Car & Foundry held over $14,000,000 of corporation stocks and bonds and Government securities. While it is not definitely known just what these holdings included, it is pretty clearly indicated that a block of at least 50,000 shares of American Locomotive stock is among them, whose average cost (since the purchase is understood to have been completed before the split-up in Locomotive shares) is believed to have been around $70 per share.

At $70 par share, and on the basis outlined, American Car & Foundry's Locomotive investment would have cost in the neighborhood of $3,500,000. And at the current price of American Locomotive stock, the investment would be worth $6,650,000. What is more, the income from those 50,000 shares, at the current dividend rate, would be the equivalent of $1 per share on Car & Foundry stock.

(It may be emphasized that the above estimate of American Car & Foundry's holdings of American Locomotive is only an estimate. However, it would appear a very conservative one, since other published estimates have run as high as 100,000 shares. Of course, if the larger estimates should prove more nearly correct, the Locomotive holdings of American Car & Foundry would take on even greater significance than has been attached to them here.)

In Car & Foundry, then, we have a very perfect illustration of the theory presented here: Tax laws having discouraged the distribution of surpluses; monopoly laws, or existing plant capacity, having discouraged the reinvestment of any great part of those surpluses in a corporation's own shops; these factors, plus the desire to advance the ultimate interests of stockholders and the broader vision of our corporation executives, have led many corporations to make investments in other fields—

Investments which have removed the companies concerned from their "specialty field" of a generation ago, and established them on the threshold anyway of this new field we have been talking about—the field of the Management Corporation.

What Will the Effects Be?

Presuming (not unwarrantably, we hope) that enough illustrations have been cited to convey our thought, we may close with this question:

Assuming the development of the Management Corporation to be an increasingly general tendency—that it is gaining as it proceeds—that, at the present rate, it will permeate a great portion of the corporation field: Will the effects, from the stockholders' point of view, be good or bad? Should the stockholder welcome the move—or should he depreeate it?

The answer is simple: As the years have passed, more and more investors have learned the importance—the outstanding importance of diversification in their security operations. They have learned, in constantly increasing numbers, that it's dangerous to put all your eggs into one basket—that it is better to have several securities working for you than just one—or two.

Securities, of course, represent industry. As industry goes, so securities go—and vice versa. What is true about securities, then, is also true about the industries they represent.

Therefore, if diversification is desirable for investors' funds, then it is also desirable for industry's funds.

The du Pont directors reveal the secret: In his last annual report, the President says:

"Your company's expansion, in recent years, into diversified though closely related lines of chemical manufacture has placed it in the position of supplying important materials to many industries. Such diversification tends to produce a more even rate of business through the year and tends to avoid violent fluctuations in total should one industry served suffer depression."

The Management Corporation idea may be welcomed, then, as a means of stabilizing corporation earnings.

It may be welcomed as a step forward whose ultimate effects should be to greatly strengthen the foundation upon which the American corporation rests and largely diminish the risks which its stockholders have to carry.

Where it is exploited along Vertical Trust lines, it offers the obvious advantage of bringing a corporation's costs almost entirely within its control; at the same time, it frequently brings within the corporation's scope a number of by-products and extra activities, all of which can serve as additional sources of revenue.

Where it takes the form of an investment of surplus in the securities of other companies—as in the case of Car & Foundry and American Locomotive—it has large potentialities; for, if the investment be wisely made, it has the effect of giving the investment corporation an interest in a field of operations different from its own, which field may be very productive but could not be directly entered by the investing company itself without a far larger investment and far greater risk than the security purchase entails.

In other words, the development of the Management Corporation, along any of the lines described here, may be hailed as ushering in a new day of *comparatively* even corporation earnings, larger and more diversified equities and surer returns for shareholders.

A Chance to Make a Million!

And We Turned It Down!

IT may be hard for you to believe, dear readers—

Nevertheless, it's a fact—

We've just been offered a chance to make a cool million or two—uncounted millions, in fact—

And we've turned it down!

The chance came in the form of a letter. Not, as you might think, one of these gyp promoter letters that you receive so often. But a personal letter, painstakingly compiled by an individual and sent, we are sure, to no one else but us.

The letter was written with a hard pencil on soft stationery. Unfortunately, therefore, with the art of photo-engraving still in its present stage, we cannot reproduce the letter *fac-sim.* We can reproduce it *verbat.*, however; and here it is:

Flint Hill, Va.
2/13/25
Dear Sirs:—

Farming is my trade, I havent any spare money on hand right now but if you will loan me enough money to handle five or ten thousand bus of wheat I will pay you interest on the sum up untill the last of July. I know what to do with wheat. I have a little piece of property that is worth $5,000.00, but you would not have to be uneasy about the money because I know what wheat is going to do. Wheat has been to the top. Now, if you will loan me 1 or $2000.00 I will sign a note if you will sent it to me. I have taken a coppy of this and as soon as my deal runs out I will go up to see you.

Yours truly,
J. W. HUFFMAN

P. S. Send a contract along with the note to show what I borrowed it for & sign it. I will tell you when to make a sale of wheat. I may not have this right but you send me something to guarantee me. I would not be afraid to borrow $10,000 on wheat. If you would trust it, I will show you how to make money.

Here, you will agree, was a golden opportunity.

And we could stand a golden opportunity, right now. Our life is none too easy. We have a growing family to support. It grows more expensive as it grows larger. We have to pay bills the same as the next man.

What a temptation, then, to withdraw from the bank the $1,346.78 it has taken us these twenty years to amass and ship it to Brother Huffman! And then, to sit back and prepare our mind for the life of luxurious ease so sure to follow!

In addition to the amusement it may afford, this article should have some practical value—

For it brings out a few of the myriad factors influencing the price of wheat-futures as dealt in in the grain pit—

And helps to emphasize the risks assumed by the outsider who trades in wheat or any of the other grain options.

For Brother Huffman, on his own testimony, knows "what wheat is going to do." In other words, he knows what billions of little seeds, planted below the surface of billions of acres of land located anywhere over the four corners of the globe are going to do. He knows what the three-and-a-half billion people of the world are going to do—not even excepting the shadowy millions of Soviet Russia, once the proud incumbents of the world's greatest granary. He knows how much rain will fall between now and, say, the next harvest—where that rain will fall—what blights, if any, will follow in its course.

Brother Huffman knows what is going on in the Armours' minds—in the minds of the present-day Pattens and Barneses of the Chicago pit. He knows how much wheat they now hold—if any—how long they are going to hold it—when they are going to sell. On the same evidence, Brother Huffman is admitted to the inner counsels of the great Farmers' Co-Ops, and can tell you, to a blade, just how much wheat the Co-Ops will take in, how much they will hold and how much they will ship, where their shipments will go, over what course, to whom and at what price.

Nor does all this knowledge mark the limit of Brother Huffman's knowledge. Still on his own testimony, he can tell us what the governments of all the world are going to do in the matter of foodstuffs—what embargoes they will create and when—what subsidies they may grant—what credits they may create, and whether or not they will be able to secure any credits themselves. To him, also, is revealed the extent to which cheap fertilizer will be available to the farmer for his spring planting—cheap plows, cheap horses and tractors, cheap labor, and all the other elements that go to influence the cost of raising wheat.

In fact, so sure is our correspondent of these and all the myriad other factors which help to fix the price of wheat, it might almost be said that he knows what God is going to do.

Why, then, with this omniscience at our elbow, do we not act at once? Why do we not immediately withdraw all our hard-earned savings from the bank, mortgage our home, dispose of the car, sell the family plate and send the children out to work—and ship the proceeds to this seer who will so soon (it is only five months to the end of July) have the wheat market by the tail?

Perhaps it is unwillingness on our part to secure to ourselves such an enormous advantage over the hundreds of thousands of others who deal in wheat. Perhaps it is because we prefer a life of toil to a life of ease. Perhaps it is because we, like Uncle Andrew, long to die poor—

And then again, perhaps it is because of the fear that Brother Huffman, sitting in the front room of his little home down on that $5,000 farm in Flint Hill and dreaming of his prophecies, may—just may—after all—be—a little bit—wrong!

The Financial Yeggman—1925 Model

The Slickest Thing of His Kind Yet Evolved —His Profitable "Sell and Switch Game"— Watch Out for the "Bah-Jove" Salesman

By KEITH DE FOREST

WILL YOU BE THE NEXT VICTIM?

You may be well-informed, sophisticated, and naturally wary. Yet, so keen are the methods of the modern stock-faker, no man is safe from being made a dupe.

Read the interesting revelations offered here and profit from the actual experiences other people have had with the swindlers and sharpers of the time.

SLICK as an otter, sly as a weasel, slippery as an eel and rotten as a bad egg! Such, in a few words, is an unexaggerated description of the new type of securities sharper. Lest we be accused of embroidering the theme, listen to this tale of what happened recently to an old Wall Streeter.

He is a man who has traded for years in Wall Street and prided himself on being up to date on all the "dodges" devised by sharp and criminal brains to separate the "sucker" from his bankroll. Not many months ago, he received a telephone call from a slick gentleman connected with a firm which has since been raided and closed by the Attorney General's office. After considerable conversation, the Wall Street man sent $10 to the office of the financial shark chiefly, as he explained afterwards, to "see what would happen." What happened was that the telephone salesman was so plausible and convincing that his firm "took," as their argot has it, the experienced Wall Streeter for approximately $12,000. Small wonder that the ignorant or uninformed are being fleeced for hundreds of thousands annually by this type of financial faker.

The 1925 Type

Financial fakers, like the poor, are always with us. They flourish especially in periods of rising security prices like the present, when the public is in the market, flushed with profits and careless for that reason. Every bull market produces a new crop of financial yeggmen. As their methods become known through the protests of their outraged victims, they fold up their tents like the well-known Arabs and silently steal away, that is, if they can get away. At other places, other times, under new names and with new methods they open shop again and repeat their plunderings. The highest type of such banditti, if there is such a thing as a high type of such vermin, are extremely skilfull in their operations. They comply with the forms of the law as far as possible. When it is necessary for their purposes to step outside of the law, they endeavor to do so without leaving a tangible trace which might be later gathered up and used as evidence. Their ingenuity, industry and resourcefulness would excite the highest admiration if devoted to worthy purposes. The 1925 type of slicker securities salesmen is a more highly developed product than anything that has gone before.

The "Sell and Switch" Game

Rising stock prices and publicity have pretty well killed off the old style bucketeer. That is to say, killed off that method of swindling. The modern financial parasite no longer advertises himself as a broker but is a dealer in securities. That permits him to buy and sell securities for his own account. Under the guise of a dealer in securities he has invented an ingenious trap for the unwary known as the "sell and switch" game.

It works as follows: Having opened his offices, lined up his forces and obtained his "sucker" list, the master mind put his telephone salesmen to work. It is their job to call up "prospects" and try and interest them in the purchase of small lots, ten or twenty shares, of well and favorably known securities. Owing to the general interest in radio stocks, the Radio Corporation of America is a favorite bait. If the sucker bites, he is asked to put down only a nominal sum, as a partial payment, $15 or $25 on a purchase of, say, ten shares of stock. The sucker is then told that the stock has been bought for his account and the purchase price is reported at slightly under the market. The next day the sucker is told that he has a profit of $25 on his stock, equivalent to 100% on the money he has invested. Having gained the sucker's confidence and fired his cupidity by reporting a profit, the salesman, who perhaps works under the name of "Mr. Armstrong," next proceeds to the "switch" part of the program. The sucker is told that a move is coming in the "Wonderful Gold" stock and urged to sell his Radio stock and get aboard Wonderful Gold. This part of the program is usually not difficult to put over and the sucker is induced to buy as much of Wonderful Gold as he can be persuaded to take. Perhaps it is 1,000 shares at 50c a share. The sucker is requested to put up a deposit on his stock and in about two weeks' time the slicker salesman, Mr. Armstrong, calls up the sucker and delights the latter's ears by telling him that he has a $500 profit. From that point the sucker is urged to buy additional amounts of Wonderful Gold stock until his funds are exhausted and he exhibits signs of restlessness. Then follows the cleanup process.

Mr. Sucker receives a telephone call from a suave gentleman who says his name is John X. Smith. From the polished accents of Mr. Smith's voice and from the artless remarks he lets slip—such as the business of turning from the phone and in a loud voice audible to Mr. Sucker saying, "Wright, tell Henry to have the closed Packard here at four o'clock—pardon Me, Mr. Sucker, I was just giving directions to my secretary"—Mr. Sucker is able to see that Mr. Smith is a man of means and one accustomed to deal only in important matters.

It seems that Mr. Smith has learned from an officer of Wonderful Gold that Mr. Sucker is a holder of a considerable block of that stock. Mr. Smith believes the stock is valuable but is chiefly interested in obtaining a block of 5,000 shares to round out his holdings and enable him to have a greater share in the company's management. Mr. Smith regrets to learn that Mr. Sucker owns only 2,300 shares, for if Mr. Sucker were able to make up a block of 5,000 shares Mr. Smith would be willing to pay—and he names a price that sets poor Sucker's ears atingle.

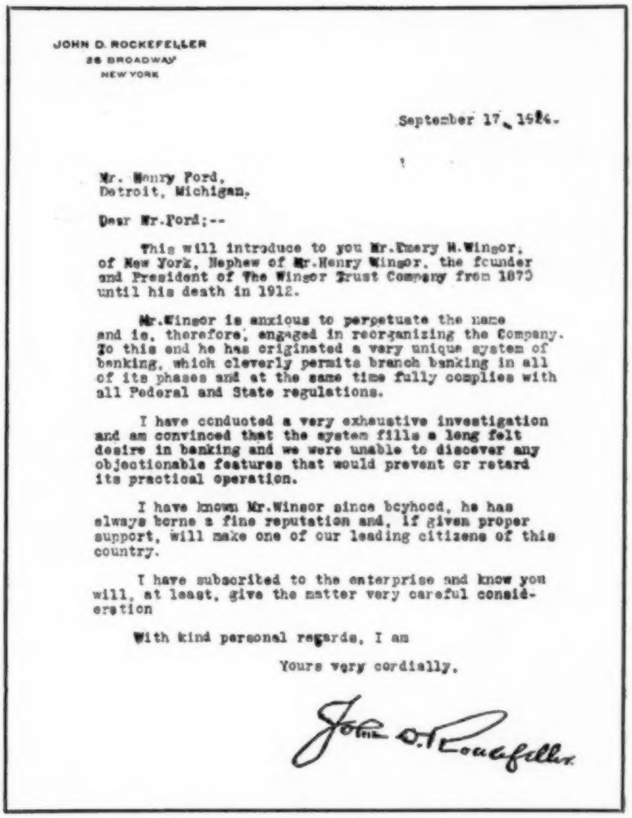
The end to the drama or tragedy is

obvious. Sucker borrows and scrapes enough money to acquire 2,300 shares of additional stock and by paying the balance due on his original 2,300 shares takes up 5,000 shares. Then he waits and waits in vain for the unctuous voice of Mr. Smith. This, in brief, is the "sell and switch" game. It is worked in an infinite number of variations. When Mr. Sucker tries to recover his losses he learns how skillfully he has been duped.

Whenever he calls to see "Mr. Armstrong," the latter is always "out." Later he finds out that "Mr. Armstrong is no longer employed by us." As for a "Mr. Smith," why the firm knows no one by that name. In the event of legal proceedings, Mr. Sucker has exceedingly little to produce which will qualify as legal evidence. Apparently all that has happened is that he has bought and paid for 5,000 shares of stock in a highly speculative mining company. The lureful conversations, gross misrepresentation and blatant falsehoods which induced him to buy the stock were heard by a third party which never gives up its secrets—the telephone.

About the only documents Mr. Sucker is able to produce are his confirmation slips. Whenever Mr. Sucker made a purchase of stock he received confirmation slips—usually by messenger who takes back the original and leaves a copy with Mr. Sucker. Sucker usually hastily signs on the line indicated without bothering to read the ten lines of fine printed matter immediately above the signature line. Later he finds out that he has signed away most of his constitutional rights, for the obscure printed matter reads as follows:

"I hereby agree to purchase from you the above shares of stock; have read the circular describing same, have purchased on this information and no representations have been made by John T. Doe & Company, Inc., or its agent contrary to same. The purchaser has no ownership in the above stock until payment has been made in full; it is also understood and agreed by me that on all purchases of stock made and on any and all stock which I have pledged as collateral, for security for the payment of the same you may pledge, hypothecate, loan against or sell at private or public sale for a larger or lesser amount than is due on the above at any time without further reference to me or transfer said collateral from my name to any other name you may deem fit without further notice or reference to me. The only obligation on your part being that when I have fully paid for the above ordered stock, or have given you written instructions to sell the above, that upon payment of whatever balance may be due and owing upon the above, you are within 72 hours to return to me a like number of shares by the same Company as those shares that have been pledged for collateral. The above constitutes the only agreement between us."



JOHN D. ROCKEFELLER
26 BROADWAY
NEW YORK

September 17, 1924.

Mr. Henry Ford,
Detroit, Michigan.

Dear Mr.Ford;--

This will introduce to you Mr.Emery H.Winsor, of New York, Nephew of Mr.Henry Winsor, the founder and President of The Winsor Trust Company from 1873 until his death in 1912.

Mr.Winsor is anxious to perpetuate the name and is, therefore, engaged in reorganizing the Company. To this end he has originated a very unique system of banking, which cleverly permits branch banking in all of its phases and at the same time fully complies with all Federal and State regulations.

I have conducted a very exhaustive investigation and am convinced that the system fills a long felt desire in banking and we were unable to discover any objectionable features that would prevent or retard its practical operation.

I have known Mr.Winsor since boyhood, he has always borne a fine reputation and, if given proper support, will make one of our leading citizens of this country.

I have subscribed to the enterprise and know you will, at least, give the matter very careful consideration

With kind personal regards, I am

Yours very cordially,

John D. Rockefeller

Purporting to be a reproduction of a "letter" from John D. Rockefeller to Henry Ford. One of the boldest fakes of recent times.

But while the "switch and sell" game appears to be about as safe as any crooked game can be it is by no means 100% safe. No one knows this any better than the master crook. Its weakness lies in the fact that a number of confederates must be taken into the confidence of the sharper and in union there is weakness. This fact has been utilized by the officers of the law and has enabled them to meet with great success in their efforts to break up nests of financial parasites. The practice is to raid the offices of the "sell and switch" operators, serve everyone with a subpoena calling for a hearing "forthwith," lock all the doors and examine the inmates before they have a chance to form plans with their lawyers for defense. Individuals can usually be found who are willing to turn states evidence to save their own bacons.

In such an office recently raided in New York City, the "boiler-room", i. e. where the telephone salesmen operate, contained nine desks and nine phones and the firm had four or five outside "high pressure" salesmen.

Among other methods used by "gyp" firms to escape justice is to incorporate and elect a dummy as president. The officers of such firms can seldom be found and if they are, prove to be careless individuals of good standing who have loaned their names without knowing the exact purpose for which they were to be used. A firm bearing the name of the son of a honored member of the New York Stock Exchange was recently raided in New York City. The young man had unwittingly hooked up with a group of sharpers but when he found them out and left the firm, he was unable to prevent the firm from continuing to use his name as it had been incorporated as a firm title.

Sellers of fake securities under the "sell and switch" dodge, confine their operations to large cities. New York, Pittsburgh and Chicago are the most favored by these unsavory gentry. There is such a general similarity in the methods and general conduct of operations as to warrant the belief that they form a group or "ring" of crooks, with perhaps a master mind in the background directing operations. This statement is not the guess of the writer but was made to him by a man who is fully informed on the subject and who weighs his words carefuly.

The modern financial crook carefully eschews the mails as too dangerous but is a most lavish user of the telephone. His salesmen will not hesitate to telephone all over the United States and the telephone bills which some of these concerns run up are staggering. But the game must pay or it would be abandoned.

(*Please turn to page* 886)

Investment Risks You Needn't Take

How the Investor May Relieve Himself of Needless Chances and Bothersome Details

By JOHN R. PARKE

MR. X. Y. LEA was a successful man of affairs. He headed a prosperous manufacturing company and had considerable funds for investment each year. His investments were wisely selected. Among them were 200 voting trust certificates of—let us say—the Oriole Steel Company.

Now, Mr. Lea's secretary was a bright young man who knew how to clip coupons on time and how to cash dividend checks. But he was not a careful student of finance and, as he usually turned from the front page to the sporting page in his morning paper, he did not notice an item on the financial page which stated that the voting trust certificates of the Oriole Steel Company were exchangeable for common stock of the company. Hence Mr. Lea's stock was not exchanged and when a meeting of stockholders was called, at which it was voted to offer new stock share for share to the old stockholders at $20 a share, neither Mr. Lea nor a representative were present.

Came a day, as the cinema has it, when the right tc subscribe to the new stock expired. Also came a day when Mr. Lea awoke to the bitter facts, among them the fact that the common stock of the Oriole Steel Company was selling at $70 a share. His failure to exchange his voting trust certificates for new stock had cost him $10,000.

Except for proper names, the above incident is true and happened only recently. Failure to avail themselves of the opportunity to exchange their Lehigh Valley Railroad Company stock for stock of the Lehigh Valley Coal Co., under the segregation plan ordered by the courts, cost the owners of 18,000 shares of railroad stock a total of $600,000.

Another individual held bonds of the General Electric Company which had been called. Eight months later he woke up to that fact. But he had lost eight months' interest meanwhile. Similar instances are of daily occurrence.

Pitfalls for the Investor

The investor who attends to the handling of his own securities is beset by pitfalls concerning which he is apt to know little unless he has had an extensive financial training.

He might be the recipient of stocks improperly indorsed, or, perhaps, even stolen. The seller to the investor undoubtedly sold the stocks to the investor in absolute good faith, but if months were allowed to lapse before the investor transferred them into his own name, it might be too late to cure the fault. Again a stock might carry "rights" which the investor must not neglect as he should either sell the rights or exercise them before they expire.

There are numerous rules promulgated by the N. Y. Stock Exchange regulating the delivery of securities which an investor should know.

For example, securities bearing the assignment of an insolvent individual or an insolvent firm are not "good delivery." Nor are securities good delivery bearing the assignment of a deceased person or a firm out of business. Securities with either the assignment or any power of substitution witnessed by a deceased person are not good delivery.

Nor are securities assigned by a married woman good delivery. A joint assignment and acknowledgment by husband and wife before a notary public will make such a security a delivery *only while the transfer books are closed.*

These are only a few of the many considerations which affect the transfer of securities. As a general thing mistakes and errors are comparatively rare, but there is always the possibility they will crop up and occasionally they prove very expensive to the individual who is not on the alert to detect them.

The Custody Account

Had any of the luckless individuals referred to above placed their securities in a "custody account" they would not have been inflicted with the losses mentioned.

There is nothing unusual or involved about a custody account. While the idea is not new it has had a remarkable growth in the last few years. A custody account simply means that an individual places his investment and financial affairs, as far as he cares to do so, in the hands of a bank or trust company. In other words, he appoints a financial institution as his financial secretary. From that time on he can dismiss from his mind all worry about the safe keeping and proper handling of his securities.

His financial secretary is never ill and never "off the job." A customers' securities are safe from theft and fire. The trust company collects all income from securities and real estate and either credits the same to the custom-

(*Please turn to page 882*)

Mining Companies Fear Government Tax "Gouge"

Millions of Dollars Involved—"Politics" Charged by Mining Interests

MINING officials are greatly concerned over what they privately term as a "gouge" on the part of the Treasury Department, which seeks to establish a new basis for revaluation of mining properties and one which will yield considerably higher taxes to the Government. This new valuation basis, if put into operation, will mean that most of the mining companies will be obliged to revise their tax appropriations for the last five years. That the total of the upward revision will run into a very large amount of money is apparent from the accompanying tabulation showing the amounts set aside by leading companies during the last five years for depreciation and depletion. If those and other companies are forced to scale down their write-offs for depreciation and depletion, their taxes will be correspondingly increased.

No Evasion

In a nutshell and in terms of everyday language the situation is simply this: In 1917 and 1918 a basis of valuation of mining properties, which underlies the whole subject of allowable write-offs, had been reached satisfactory to the Government and to the companies. The mining companies had been making good money during the war and for a part of the post-war period. Mining taxes had been flowing freely into Government coffers. In the years following 1919, however, the metal industries ran into a prolonged slump, earnings went to pot and the tax stream dwindled to a dribble. Then the income tax people affected to believe that the mining companies were evading their lawful payments by excessive depreciation and depletion charges. Doubtless in some instances this was true but in the majority of cases the mining companies blandly pointed out that they were making their charges on a basis previously approved by the metals valuation section of the Treasury Department. That, however, did not improve the tax situation from the Government point of view. Something must be done. But what? Obviously the only thing which could be done which stood a chance of being upheld by the courts, was to change the basis of valuation of mining properties. In effect the Treasury Department said to the mining interests: "Gentlemen, we now find that we were all wrong. As long as you were making money and we were sharing in your profits we were satisfied. But now that your profits have shrunk we are unwilling to stand our pro-rata share of the decrease. Therefore we have decided to start all over again on a new basis."

Just how the proposed new valuation plan will affect individual companies is impossible to say. In the first place, no one knows whether the new basis will go into effect in proposed form and secondly, every mining company has an individual tax problem compared with which a problem in algebra is as simple as Mother Goose. It may be said that the proposed plan will not bankrupt any company, for the burden will fall chiefly upon the prosperous. But those companies may have to cut a considerable slice from their earnings for the last five years and the "lame ducks" of the mining world will be so much lamer.

Income tax authorities are of the opinion that the "rule of reason" will ultimately prevail and that the whole matter will simmer down to a basis which will not seriously affect any mining company.

Mining people say—again privately, of course—that "politics" is at the bottom of the whole matter. The present situation, they assert, is but one outcome of the drive by Senator Couzens against Secretary Mellon via the current investigation of the Internal Revenue Bureau. The committee started out to find something rotten in oil in which members of Secretary Mellon's family are heavily interested. Failing there the investigation slopped over into the mining industry.

To the man-in-the-street the present furor seems but another proof of the fact that our present Internal Revenue law is a vast and intricate system which has become hopelessly entangled in a million webs of its own making.

Write-Offs by Leading Mining Companies in 1923 and for Five Years 1919-1923, Inclusive

	1923 Depreciation	1923 Depletion	Total	5-Year Total
Anaconda Copper	$ *	$ *	$3,822,894	$16,174,925
Butte & Superior	219,412	**	219,412	** ‡ 676,749
Calumet & Arizona	245,953	1,242,154	1,488,107	§ 5,994,967
Cerro de Pasco	2,271,031	4,000,304	6,271,335	22,669,172
Chile Copper	2,116,053	**	2,116,053	¶ 20,000,719
Granby Consolidated	*	*	1,441,329	‖ 1,859,933
Inspiration Consolidated	399,965	**	399,965	** 1.878.164
International Nickel (a)	*	*	1,138,457	6,244,381
Kennecott Copper	237,526	4,305,487	4,543,013	19,213,530
Miami Copper	405,300	2,124,167	2,529,467	11,324,713
Nevada Consolidated	256,120	**	256,120	** (b) 1,992,655
Ray Consolidated	440,077	**	440,077	** (b) 1,316,254
St. Joseph Lead	†	1,537,324	1,537,324	† (c) 7,783,251
Utah Copper	1,132,169	**	1,132,169	** (b) 3,162,930

* Depreciation and depletion not reported separately.
** Depletion not included in published statements.
† Depreciation charged against net income and not reported separately.
‡ Three years. In 1919 and 1920, depreciation not reported separately.
§ Depreciation from 1919 to 1921 entered as an operating expense and not included in this total.
¶ No depletion included for 1923, and in 1919 depreciation charge included only plant superseded or abandoned.
‖ Only for two years, 1922-1923.
(a) For year ended March 31, 1924, and for five years, 1920-1924 inclusive.
(b) Three years only. In preceding two years depreciation charged to operating expense and not reported.
(c) Five years including 1924.

Money, Credit and Business

Will Business Recovery Be Sustained?

Buyers Reluctant to Follow Prices Up—Underlying Conditions Sound—Money Rate Question—Profits and Dividends

CLOSE examination of current business trends indicates that for the most part consumers are content to rest on orders already given and are showing a disposition to await further developments in trade before they again enter the markets on a large scale. The steel industry furnishes a good example. It is noted here that new orders have recently fallen off somewhat. Consumers seem pretty well placed in regard to stocks and are not in a hurry to give further orders until the price situation becomes a little more favorable. Similar conditions prevail in other industries. Most plants are now operating at high schedules filling orders placed during the past few months. Some anxiety, however, is being expressed lest volume of new orders fall off in the second quarter. This period is thus one of a comparative hesitation.

Long-Range Prospects

In the long run, these developments should work out satisfactorily. Consumers are eating into their stocks at a fairly rapid rate and if they persist in holding off from giving new orders, they will all have to join in the rush for materials at the same time. The result will be that they will have to buy at higher prices. Incidentally, it is a curious manifestation of our business psychology that our business men are rarely eager to buy in a declining market but will buy heavily only when prices are advancing. Europeans are more conservative along these lines.

Money rates are firm at the 4¼% level and will undoubtedly harden as spring approaches. The New York Federal Reserve Board has increased its rediscount rate from 3% to 3½%. Increasing trade requirements, in addition to heavy withdrawals of gold for foreign use has contrived to lessen the available amount of credit.

Earnings and Dividends

Earnings of important companies during the first quarter of the year unquestionably will be good and probably as good as during any similar period during the past three years. Conditions during the second quarter cannot so easily be ascertained but from pres-

(*Please turn to page* 888)

THE TREND IN MAJOR INDUSTRIES

STEEL—Production tending to taper off slightly as buyers hesitate. Finished steel prices higher. Demand for pig iron light, prices unsettled. Scrap iron weak.

METALS—Copper recovers from recent slump but producers have difficulty maintaining prices at 15 cent level. Business quiet. Lead and zinc moving in small volume with prices unsteady.

OIL—Price situation improving as crude oil production continues downward trend. Gasoline advances spreading. Outlook encouraging, although stocks are still large.

TEXTILES—More activity in distributive channels. Buyers reluctant to meet price increases, however. Production holding up to high levels with silk industry in best position.

LEATHER—Quieter conditions in leather industry following earlier activity. Prices firmly held. Footwear demand not up to expectations.

WHEAT—Wheat market weak after speculative shake-out Export movement heavy. Large public interest in the market.

COTTON—Cotton moving in narrow price range. Speculative activity increasing. Prospect for larger crop balanced by increased export and domestic trade requirements.

SUGAR—No change in outlook for sugar industry. Market dull with refiners buying only for immediate needs. Prices slightly firmer but unsatisfactory from producers' standpoint.

CHEMICALS—Production held to general average of early January. Current business satisfactory, stocks of materials normal, prices steady. No material change in tendency anticipated.

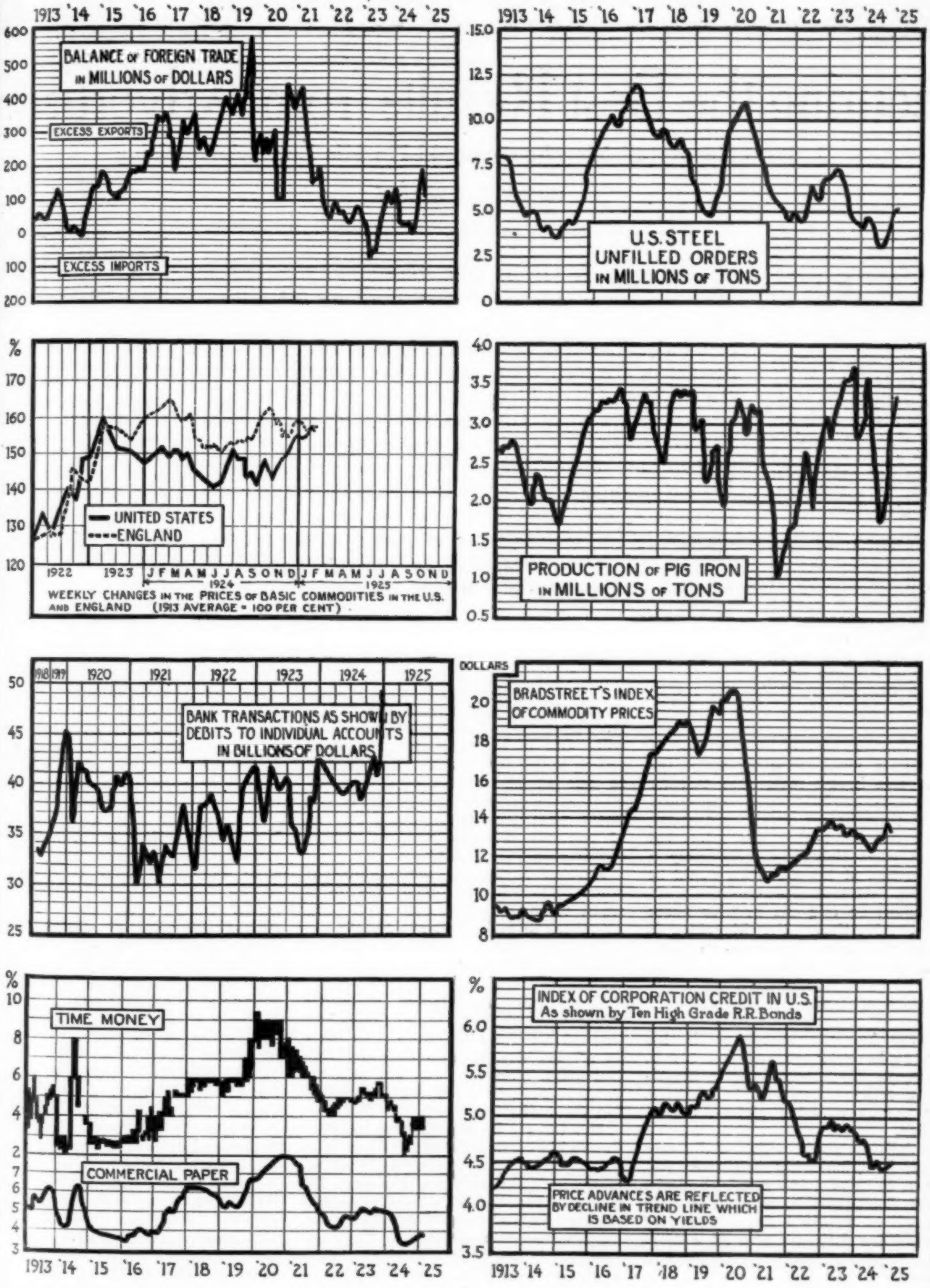
MOTORS—January output shows gain over December. Sales increasing. High material costs and lower selling prices emphasize competitive condition of the industry.

PAPER—Newsprint mills producing close to capacity. Demand heavy. Other papers showing greater activity. Further improvement probable.

BUILDING—Building operations show decline. Drop most pronounced in larger cities where there has been tendency to over-build. Rents showing less stability and likely to work moderately lower.

COAL—No recovery in coal industry. Mild weather weakens prices. Consumers carrying small reserves and buying conservatively.

THE TREND OF MANUFACTURE TRADE & COMMERCE



"How to Finance and Build Your Business"

A Department of Inspiration and Practical Suggestion, written by Business Leaders for Business Men

Securing the Best Results from Advertising

1. How the Retail Merchant Should Do His Local Advertising

By H. T. EWALD

THE Business Service Department was launched in response to insistent demand from our subscribers whose confidence we appreciate. This organization is in a unique position to analyze the methods of leading companies and their management since investigation into the position of securities first demands careful study of management method, financing, markets, sales and other important factors on which business depends. We are glad to turn this information over to our thousands of business-men readers for their use in their every-day business affairs. Each article of this series has been written by an acknowledged authority of the subject. We invite a careful reading of the Department and shall be glad to answer questions on the various subjects discussed.

Editor's Note: As head of the Campbell-Ewald Company, advertising, Mr. Ewald is probably one of the leading experts in his field. His remarks on principles and practice of retail advertising consequently invite careful attention. This article will be followed in an early issue by an analysis of the best methods in use by national advertisers.

SPEAKING of the problems of the retail advertiser, I am reminded of a very successful storekeeper who does business in a little town in Ohio, G. A. Garver, of Garver Bros. Co., at Strassburg, Ohio, the owner of "the largest country store in America."

Mr. Garver spends an average of two days a week traveling about the countryside in his motor car visiting the farmers, workers, small tradesmen, etc., in their homes, stores and shops, finding out what they are interested in and what they buy. Probably a cross-section of his activities would be the most interesting part of the story that might be told the retailer about how to advertise. For his store is largely typical of the stores of thousands of other retailers.

Use of Daily Newspapers

Garver has no newspaper in his town, so he uses four dailies, one in Canton, 26 miles away, one in Massilon, 16 miles away, and two others, these papers covering eight different counties.

He delivers goods within a distance of 25 to 30 miles of his store at Strassburg, a town of 1,100 people, and the Garver Company does a business close to a million do'lars a year. *Think of it—a million dollars a year in a town of 1,100 people, without a main line railroad!*

Mr. Garver never runs a special sale unless it *is* a special sale. It is one of his cardinal principles to keep faith with his customers and this has built up a tremendous volume of good-will. One of his sayings is, "It is as unfair to sell for less than cost as it is to sell at an extraordinary profit." Another one of his sayings is, "If you know what the people want, buy it. If you buy it right you can always sell it at a fair profit."

Another saying is, "Keep ahead of your community. If you live in a small community you owe it to your neighbors to bring in new ideas."

These new ideas should fit the community, therefore *know your community.*

Garver uses newspapers, billboards and a store sheet containing offerings, news items about the store, new ideas in all the departments and any special sales. This is sent out once or twice a week to a mailing list, covering the entire territory.

Mr. Garver knows his customers, he knows his competition; he knows what his customers are interested in, because he talks to them, discusses the topics of the day with them and thoroughly understands their viewpoint, interests and sympathies. The consequence is that many customers spend a greater part of the day traveling in automobiles, or on the indirect lines which must be used in interurbans to get to this store. This is a typical example of what leadership, a genuine desire to serve, keeping goods that sell, will do for a store.

The retail stores of America, particularly in the cities, have changed tremendously in the past twenty years. The criticism of many stores is that they do not sell goods but they merely keep them for buyers. If this is true, and it is true probably of the grocery stores and other small shops handling branded merchandise more than it is of other lines, this condition must be recognized in the advertising.

I am reminded of a thing that the Wanamaker Store said in an advertisement last Fall:

"Usually advertising is written from the seller's point of view. Wanamaker advertising is written from the buyer's or consumer's point of view—from your point of view.

"Advertising that attempts to sell is argumentative or combative. It forces its way before your eyes, into your mind. It tries to compel you to buy. Wanamaker advertising never forces itself upon you. It never strives to sell. It seeks to help you to buy. It is informative, not argumentative. It is cooperative, not combative. There is no "big stick" in Wanamaker advertising. It may use big type or big space occasionally but only when important news warrants it. Now, most advertising proceeds on the opposite principle of dominating the field—using pages or double pages, or even four, six—anything to dominate the newspaper, magazine, or such—headlines in big, bold type—in black ink until the news is submerged—smash the message over to the Public—knock them cold—force them to buy—of me, of me. And the fight is on, advertisers smashing their way into relentless competition, one with another, with black type, screeching headlines, big pictures, until the people begin to exclaim in disgust, 'O, it's

only advertising, why pay any attention to it?'"

The striking thing about the above is—"It seeks to help you to buy." This reflects the attitude of the retail merchant, particularly in the big cities. Probably never before in the history of the country have so many people known the value of what they wanted, as well as the price.

The great mass of the people, those who live on wages, while they are better off today than they ever were, none the less have the gratification of their wants conditioned and limited by the size of the pocket-book. To them *price* is the most important thing. They try to get the most for their money but they start with the price limitation in their mind. The retail advertising to that class naturally puts price above everything else. That class of people, moved by more primitive instincts and conceptions, expect to be shouted at in the terms of the auctioneer. Black type and big space have their effect on these people. Therefore it has a place in selling.

The salaried classes, the income classes, and the classes of wealth and fashion, on the other hand, with a more definite conception of what they want, more influenced by how a thing is done than is the mob, react to another set of appeals. They do not want to be solicited; they do not want sales people to urge goods upon their attention, they want the advertising to *suggest* rather than to command—they respond to the atmosphere of culture and refinement; they want to know where a thing is, so they may go and look and decide for themselves—asking advice and being sure that they will get good advice when they ask it—but they want to *buy* rather than to be *sold.*

An Art of Suggestive Power

Under these circumstances salesmanship becomes the subtle art of suggestion and guidance, because it meets buymanship on the other side of the counter.

The merchant is, therefore, on safe, enduring ground who appeals to buymanship rather than depend upon his salesmanship. This penetrates even to the buying of his lines of goods. He knows that he cannot force nor command; therefore he strives to get (1) what his kind of customers want, and (2) such values that the goods themselves will command the respectful attention of his kind of customers.

His problem of advertising then becomes one of expressing his ideals of service, of developing that atmosphere in his presentation which will appeal to his kind of people and reinforcing it behind the counter with trained clerks who understand the art of suggestion, who are thoroughly competent to give advice and suggestion with respect to the use of the commodities they sell, and to give authoritative information on its quality and value.

The retail merchant, therefore, selecting out of the population those classes of people whom he desires for customers, studies their characteristic needs and wants, and their carrying power.

He sets his own people to go out and shop among his competitors' stores, for the purpose of finding out how his offerings compare with those of his competitors. He is conscious that he must be fundamentally right with respect to values to meet the buymanship on the other side of the counter.

In his copy he states plainly what he has to offer. He tells it interestingly, with suggestion of its possible utilities. Understanding his people, he reflects his thorough comprehension of how they live and think and act, and he thus ties his store up to their daily lives.

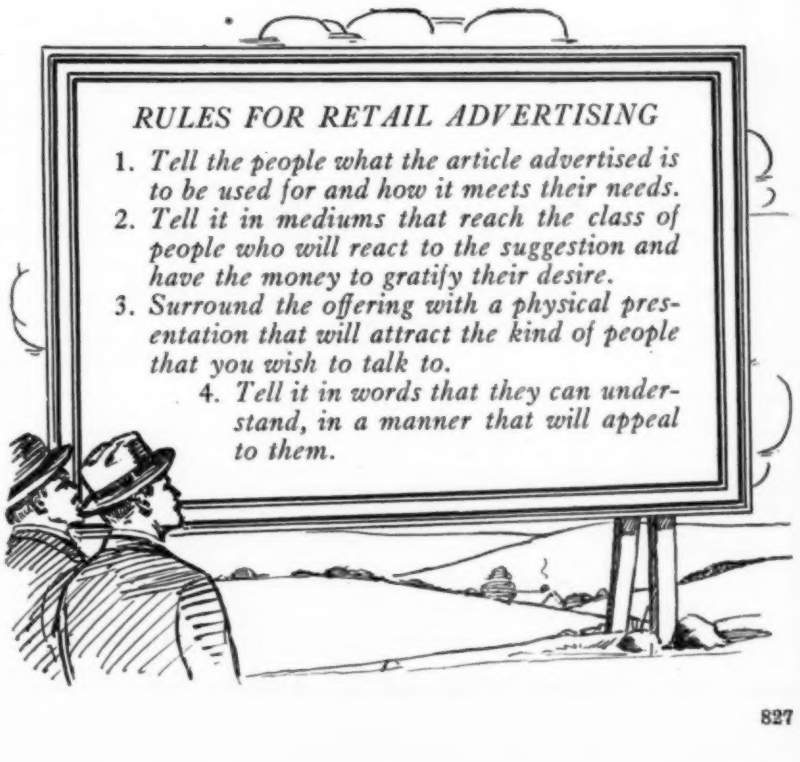
A study of the great Department Stores, behind the scenes, would be of tremendous value to any retail merchant. A study of the close tally is kept between advertising expense and cash register reactions would be an inspiration to many a national advertiser, as well as to every retail merchant. Never before in the history of retailing has so much research been going on among retail merchants. The same principle applies here as elsewhere in life—the man who has shown the greatest mastery of his problem is generally the man, in the final analysis, when you go behind the scenes with him, who knows most about it.

We have but to consider some typical instances when we come to copy and dress of retail advertisements to realize what Tiffany advertising means, on the one hand, conspicuously deficient in adjectives as it is, appealing to climbers who prefer to have the Tiffany trade-mark on their stationery, or any trade-mark on their stationery, or gift boxes, and then compare this advertising with those other shops which with a specious gilding of Parisian phrases attempt to create a stylistic atmosphere for those who have not the money with which to buy the real thing.

The great Department Stores control about five and a half billions, or sixteen per cent, of the total retail business of the United States. This does not just happen but is the result of careful, studious analysis to the customer. The two thousand Chain Store systems with their sixty thousand unit stores, get about eight per cent of the total business, and the Mail Order concerns do about four per cent of the total retail trade, thus a total of twenty-eight per cent of the retail trade of the United States is done by a relatively small unit proportion of the total number of stores.

This is largely due to a higher efficiency of organization and to a more comprehensive and detailed understanding of the customer.

It would be distinctly worth while for the retail merchant to study the methods used by the most successful stores. Really satisfactory results can only be secured through constant watching of the needs of the merchant's customers. The store must give service and to do this he must analyze the type of customer and the best way in which he can be approached. Wanamaker makes no effort to force his goods. The same principle might be successfully employed by any level-headed, intelligent merchant.



Bonds

Investing to Obtain a Monthly Income

Planning Income to Provide for Fixed Expenses — Some Helpful Suggestions

THE object of investing is to obtain an assured income. Given a sum to invest in securities, the individual will satisfy himself that his contemplated purchases meet the necessary qualifications. Having made them accordingly, he complacently awaits the arrival of interest dates and dividend checks. The problem of placing funds in sound mediums occupies so much attention that some of the fine points of investing are overlooked.

Unless he has been unusually fortunate, therefore, the investor is likely to find that there is a disconcerting irregularity in the distribution of his income. If he has a number of preferred stocks, the chances are that dividends will tend to arrive in bunches. Or if his holdings are largely bonds, certain months may be productive of several coupon clippings but in between, there will probably be more or less lean months until the next batch of payments fall due.

Those whose capital has not yet reached large proportions are, perhaps, not disturbed by such considerations. But the investor with funds of ten thousand dollars and upward doubtless counts upon the income from his securities to meet certain periodic expenditures. Should some of the more important of his expenses come due before the date of heaviest interest and dividend receipts, it might become necessary to carry large cash balances to provide for them.

A much more satisfactory arrangement is to plan commitments so that income derived from them will be paid at regular intervals and in equal amounts. In this way, smaller average bank balances can be maintained to meet running expenses. Excess funds may be reinvested to advantage and a higher income return is thereby realized. Then again, a logically planned investment will permit the adoption of a simple budget. Such a budget need not involve keeping a set of books. It is an easy matter to carry a mental record of receipts when interest and dividends are received with regularity.

Of greater importance is the fact that the arrangement of security holdings to yield a regular income almost automatically compels the holder to diversify. The extent of diversification can be controlled to a large degree. If desired, it may be carried to wide limits, depending upon the size of the fund invested.

How Payments Are Made

Bond interest payments are usually made semi-annually, and preferred stock dividends quarterly. As a rule, disbursements in both cases fall upon the first day of the month. Every company, however, has adopted certain particular months of the year for the distribution of bond interest and dividend obligations. Hence the investor is only required to do a little research work to discover which combination of issues will best serve his pur-

(*Please turn to page* 872)

A Diversified Monthly Income Investment List

Par Am't of B'ds or No. of Shares	BONDS	Cost	Current Yield %	Interest or Dividends Times Earned 1921	1922	1923	Monthly Income and Dividend or Interest Dates Jan. 1 July 1	Feb. 1 Aug. 1	Mar. 1 Sept. 1	Apr. 1 Oct. 1	May 1 Nov. 1	June 1 Dec. 1
$1000	U. S. Rubber 1st & Ref. 5s, 1947	$870	5.8	def.	2.55	2.55	$25.00	.....	.....	.....	.....	.....
1000	Anaconda Copper 1st 6s, 1953..	1000	6.0	def.	1.88	1.89	.....	$30.00	.....	.....	.....	.....
1000	North Amer. Edison 6s, 1952...	1000	6.0	...	2.83	3.50	.....	.....	$30.00	.....	.....	.....
1000	Nor. States P. 1st & Ref. 5s, '41	950	5.3	2.27	2.50	2.80	.....	.....	.....	$25.00	.....	.....
1000	N. Y., Ch., & St. L. 2nd 6s, 1931	1030	5.8	3.66	2.71	2.73	.....	.....	.....	.....	$30.00	.....
1000	Tenn. Elec. P. 1st & Ref. 6s, '47	1010	5.9	1.53	1.68	1.94	.....	.....	.....	.....	.....	$30.00
	STOCKS											
10	St. Louis-Southwestern 5% Pfd.	720	6.9	2.49	2.27	3.42	12.50	.....	.....	12.50	.....	.....
10	General Motors 7% Pfd.......	1080	6.5	def.	6.73	8.07	.....	17.50	.....	.....	17.50	.....
10	Amer. Smelt. & Ref. 7% Pfd...	1100	6.4	0.49	1.69	2.55	.....	.....	17.50	.....	.....	17.50
5	P. S. Corp. of N. J. 8% Pfd...	560	7.1	3.80	3.78	2.35	*10.00	.....	.....	*10.00	.....	.....
	Total Investment	$9,320	Monthly Cash Income				$47.50	$47.50	$47.50	$47.50	$47.50	$47.50

Annual Cash Return, $570. Average Current Yield, 6.11%.

* Divs. Payable Dec. 31, Mar. 31, June 30 and Sept. 30.

BONDS

PROBABLY the greatest factor of interest in financial circles during the past two weeks was the advance in the rediscount rate of the Federal Reserve Bank of New York from 3 to 3½%. The result was a hardening in money rates in the securities markets and the development of a sagging tendency for Government loans. Corporation high-grade bonds were little affected, but the higher price of money cannot be considered of any help towards advancing quotations for gilt-edge securities.

There were advances in the general market for middle-grade issues which were very spectacular, especially among the convertible bonds. Conspicuous examples among the utilities were furnished by the Standard Gas & Electric convertible 6½s, which sold above 123. Another point of strength was the Chicago Railways first 5s, which crossed 86, as a result of the report that the Chicago City Council had approved the Mayor's plan for the purchase by the city of the elevated and surface lines, but, even on basis of ruling quotations, a yield of better than 14% is obtained on this issue maturing in less than two years.

Industrials Steady

Among the industrials, the Pan-American Petroleum & Transport convertible 6s were very much in the light, with an advance to above 117, following the rise in the stock. On the other hand, the Sinclair 6s were lower. Empire Gas & Fuel 7½s gained 2 points. A generally steady tone was displayed in the industrial section of the list, with no apparent weakness.

Among the rails, New Haven bonds, especially divisional issues, were strong. Boston & New York Air Line 4s and New York, Westchester & Boston 4½s made substantial gains. Chesapeake & Ohio convertible 5s sold at 107 and Missouri, Kansas & Texas convertible 5s crossed 86. The Florida, Western & Northern 7s made a brand new high above 115. St. Louis-San Francisco bonds were in demand. There were market gyrations in the St. Paul issues, owing to the uncertainty as to the future of the road. The 4s of 1925 were the chief sufferers, the longer maturity bonds holding fairly well. After considerable pressure, there was a rally in the 4s, which regained all the loss.

Opportunities in Middle-Grades

We still feel that the best opportunities are in carefully selected middle-grade bonds, which are well secured not only by assets, but substantial earning power well in excess of interest requirements. These opportunities still exist, although the field is becoming more narrow as a result of the large advances which have been witnessed in this division of the investment list.

BOND BUYERS' GUIDE

(Bonds listed in order of preference)

	Apx. Price	Apx. Yield	¶Int. earn'd on entire funded debt
HIGH GRADE (For Income Only)			
Non-Callable Bonds:			
Great Northern Genl. 7s, 1936 ....(c)....	110½	5.75	2.65
Atlantic & Danville 1st 4s, 1948 ....(a)....	78	5.70	....
Western Union Telegraph Co. 6½s, 1936 ....(a)....	110½	5.25	e 1.75
New York Edison Co. 6½s, 1941 ....(b)....	114½	5.15	3.30
Chicago & Northwestern 7s, 1930 ....(b)....	107½	5.25	1.80
Delaware & Hudson 7s, 1930 ....(b)....	100	5.15	2.10
New York Dock Co. 4s, 1951 ....(a)....	80	5.45	2.70
Callable Bonds:			
Armour & Co. Real Estate 4½s, 1939 ....(a)....	88¼	5.70	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953 ....(c)....	97½	5.70	1.41
Canadian General Electric deb. 6s, 1942 ....(a)....	107	5.55	g 2.80
MIDDLE GRADE (For Income and Profit)			
Railroads:			
Cuba R. R. 1st 5s, 1952 ....(a)....	87½	5.95	2.45
St. L. & S. F. Prior Lien 4s, 1950 ....(c)....	74	6.00	1.25
Western Pacific 1st 5s, 1946 ....(c)....	93	5.60	2.40
New York, Ontario & Western 4s, 1992 ....(a)....	68	5.90	2.00
Missouri Pacific 1st & Rfd. 6s, 1949 ....(b)....	101	5.85	1.20
Baltimore & Ohio Convertible 4½s, 1933 ....(b)....	92½	5.70	1.35
Baltimore & Ohio Rfd. 5s, 1995 ....(b)....	89	5.65	1.33
Missouri, Kansas & Texas Prior Lien 5s, 1962 ....(c)....	91½	5.60	1.10
Boston & New York Air Line 4s, 1955 ....(a)....	72	6.00	....
Kansas City Southern Rfd. and Imp. 5s, 1950 ....(a)....	89	5.90	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931 ..(a)....	104½	5.65	1.50
Rutland R. R. 1st 4½s, 1941 ....(a)....	85½	5.90	1.75
Industrials:			
South Porto Rico 1st Mtg. and Co. 7s, 1941 ....(b)....	102	6.75	2.20
Sinclair Pipe Line 5s, 1942 ....(b)....	85½	6.35	g 2.50
Goodrich, B. F., Co. 1st 6½s, 1947 ....(b)....	103¼	6.20	e 2.40
California Petroleum Corp. 6½s, 1933 ....(c)....	102½	6.05	4.80
International Paper Co. 5s, 1947 ....(a)....	89½	5.80	3.50
U. S. Rubber 5s, 1947 ....(c)....	86¼	6.15	2.05
Bethlehem Steel Co. 5s, 1936 ....(a)....	92	6.00	f 2.30
Armour & Co. of Del. 1st 5½s, 1943 ....(c)....	93¼	6.05	....
Anaconda Copper Mining Co. 1st 6s, 1953 ....(b)....	101	5.90	g 1.25
Union Bag & Paper Co. 6s, 1942 ....(b)....	95¼	6.40	f 4.40
Public Utilities:			
Manhattan Railway Cons. 4s, 1990 ....(a)....	63½	6.40	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934 ....(c)....	95½	5.70	2.40
Ohio Public Service 7s, 1947 ....(c)....	109½	6.20	f 2.00
United Fuel Gas 6s, 1936 ....(b)....	100	6.00	e 7.00
Virginia Railway & Power 5s, 1934 ....(a)....	95	5.70	2.00
Hudson & Manhattan Refunding 5s, 1957 ....(c)....	89	5.70	2.60
American Gas & Electric 6s, 2014 ....(c)....	97	6.20	2.00
American Power & Light Deb. 6s, 2016 ....(c)....	95¼	6.30	3.00
Kansas Gas & Electric 6s, 1952 ....(b)....	100½	5.95	1.80
Havana Elec. Ry. Light & Power 5s, 1954 ....(a)....	86¼	6.00	5.00
Commonwealth Power Corp. 6s, 1947 ....(c)....	100½	6.00	4.50
Manitoba Power Company 7s, 1941 ....(c)....	102	6.80	....
SPECULATIVE (For Income and Profit)			
Railroads:			
Chesapeake & Ohio conv. 5s, 1946 ....(b)....	106½	4.50	1.65
Erie Genl. Lien 4s, 1996 ....(b)....	65	6.15	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1959 ....(c)....	89	6.80	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967 ....(c)....	86	5.90	1.10
International Great Northern Adj. 6s, 1952 ....(c)....	75	5.85	....
Chicago Great Western 1st 4s, 1959 ....(a)....	64	6.90	0.85
Western Maryland 1st Mtg. 4s, 1952 ....(a)....	65¼	6.85	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934 ....(c)....	87	6.40	....
Industrials:			
Pan Amer. Petroleum & Transport conv. 6s, 1934 ....(c)....	115	4.00	25.00
Cuba Cane Sugar 7s, 1930 ....(c)....	97½	7.60	2.15
Empire Gas & Fuel 7½s, Series "A" 1937 ....(c)....	103	7.10	3.30
International Mercantile Marine 6s, 1941 ....(b)....	90	7.00	2.50
American Agricultural Chemical Co. 7½s, 1941 ....(b)....	100	7.50	....
Warner Sugar Refining Co. 1st 7s, 1941 ....(c)....	96	7.50	....
Public Utilities:			
Brooklyn-Manhattan Transit 6s, 1963 ....(c)....	87	7.00	f 1.80
Chicago Railways 1st 5s, 1927 ....(a)....	85½	13.50	1.08
Hudson & Manhattan Adj. Income 5s, 1957 ....(b)....	73	7.15	2.00
Interboro Rapid Transit 5s, 1966 ....(a)....	71¼	7.20	0.90
Third Avenue Railway Rfd. 4s, 1960 ....(b)....	55½	7.70	i 1.35

* Principal and interest guaranteed by Dominion of Canada. † Callable in 1951. ‡ Callable in 1936. ¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operations of railroads.

(a) Lowest denom., $1,000. (aa) 1922. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

Public Utilities

Ten Utility Stocks With Long Dividend Records

Stocks of Real Investment Calibre

By JAMES N. PAUL

"I WANT ten public utility common stocks, preferably those listed on the New York Stock Exchange," said the old-time investor going into the private office of his banker. "I am investing more of my funds in public utility issues, common stocks, but want only those with unbroken dividend records over a period of the past ten years," he said. "Certainly," replied the banker, "I will have a list of suggestions for you later in the day." But he didn't because public utility stocks, junior issues, with unbroken dividend records over the past ten years, with attractive possibilities for investment, are exceedingly difficult to find and it took considerable time before he was able to submit a list of his suggestions to his client the next day.

Off-hand, the request for ten listed public utility stocks which have paid dividends without interruption during the past ten years seems simple enough. Had normal conditions prevailed, no doubt a lengthy list could easily have been compiled among those issues traded in on the New York Exchange but the beginning of the inflation period at the time of the entry of this country into the war played havoc with the earnings of these companies. Only the strongest financially were able to earn and pay dividends in the hazardous years for public utility companies of 1918, 1919 and even 1920. Improvement began in 1921. Even the strong companies like People's Gas Light & Coke of Chicago, Public Service Corporation of New Jersey, Laclede Gas Light Co. of St. Louis, and Brooklyn Union Gas Co. for a time were compelled or thought it expedient to withhold dividends for a time.

Prosperous times for industry generally do not necessarily mean happy times for the public utility companies. The years 1918 and 1919 saw the public utility companies generally in poor straits. Labor costs were abnormally high, which particularly affected the traction companies; fuel was high for gas and electric companies and Public Service Commissions generally were loath to increase rates.

Beginning with 1921, improvement began and thereafter conditions continued to grow better until today the utility companies have once again regained their prestige with the discriminating investor. Except in a few individual cases, conditions generally seem to indicate greater earning power as demand for gas and electricity is continuing to expand. Many of the traction companies still have their troubles as labor costs are high and fares inadequate, as witness for instance the action of the Third Avenue Railway Co. of New York recently in cutting in half the semi-annual payment on the adjustment income bonds.

Herewith is a list of companies which have long unbroken dividend records. Three of these, Commonwealth Edison, Edison Elect. Illuminating of Boston and Southern California Edison are not listed on the N. Y. Stock Exchange.

Ten Stocks Which Have Paid Dividends for Many Years

Name of Co.	Price	Div.	Yield
Amer. Tel. & Tel....	134	$9	6.7%
Brooklyn Edison	128	8	6.2
Consol. Gas of N. Y..	76	5	6.5
Detroit Edison	115	8	6.9
Montana Power	69	4	5.7
Philadelphia Co.	55	4	7.2
West Union Tel.....	121	7	5.7
Commonwealth Ed...	125	8	6.4
Southern Cal. Ed....	104	8	7.6
Edison Elec. Illuminating of Boston..	202	12	5.9

American Tel. & Tel.

American Telephone & Telegraph Co., the premier public utility property, has an enviable dividend record and for this reason has been a favorite with the investor for many years. The 9% rate on the capital stock was inaugurated in 1921 and there is every indication that the rate can be maintained without any difficulty as earnings consistently year by year are well ahead of dividend requirements. Real asset value of the shares has probably never been disclosed.

Among the utility companies, securities of the telephone companies have always ranked high. American Telephone & Telegraph, operating one of the most essential of the industries of the country practically alone, will probable continue to be a favorite and its dividends and earnings record should commend the stock to the small investor particularly, as well as the man with larger amounts to invest. There is no indication at the present time that a change in the rate either way can be looked for.

Brooklyn Edison Co.

Brooklyn Edison Co., supplying light and power in the Borough of Brooklyn, is one of the best of the so-called Edison companies. The unbroken rate of 8% paid regularly since 1903 no doubt is a record, for few of the utilities have been able to maintain 8% dividends on their stock. The stock is now in a class where it can be called an investment proposition,

as indicated by the yield. The yield of around 6½% is fair enough but it might be inadvisable to purchase at the present in view of the rapid advance of the stock. For stability of earning power, few companies approach the Brooklyn organization. Rapid growth of the territory in which it operates is increasing earnings this year. No increase in dividend is now anticipated.

Consolidated Gas of New York

Consolidated Gas Co.'s dividend record does not approach that of Brooklyn Edison; nevertheless, it is a good one. However, had it not been for New York Edison Co., its subsidiary, dividends in the winter of 1921-1922 might have been omitted though there was no official intimation of this. The company at that had the Edison Co. declare a special dividend which enabled it to maintain its payment to its own stockholders.

At the present time, there is a well defined feeling that as soon as the last of the so-called "Gas litigation" cases are out of the way, the common stock will be in line for an advance to $6 annually compared with the present rate of $5 annually. The rate of $5 annually paid on the no par value shares is equal to $10 on the old $100 par value shares which were split up on the basis of two for one. Consolidated Gas, with its chances of increased dividends, seems to be in line for higher prices eventually. As a $6 dividend payer, its record should entitle it to sell around 90 at least.

Detroit Edison Co.

Detroit Edison Co., one of the newer Edison companies, owes much of its prosperity to the rapid growth of the automobile industry in Detroit. Nevertheless, it is one of the best managed companies and in addition to the 8% rate on the capital stock, last year "rights" were given which added about an additional 1% to the yield. While there is every indication that the present $8 dividend can be maintained there seems no reason to look for any increase in the rate. The company has been expending huge sums for expansion of facilities, using its surplus funds for this purpose. There are good possibilities for "rights" in the future which should increase the return to stockholders.

Montana Power Co.

Montana Power Co., also among the newer public utilities organized around 1912, has not been able to increase its earnings to any great extent owing to

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Dividend Record of Ten Leading Public Utility Companies Since 1900

	Amer. Tel. & Tel.	Brooklyn Edison	Cons. Gas of New York	Detroit Edison	Montana Power	Philadelphia Co.	Western Un. Tel.	Commonw'th Edison	So. Cal. Edison	Edison Electric Ill. Boston
1900.........	$3¾	$4½	$5½	..	..	$4¼	$5	..	..	$8
1901.........	7½	6	8	..	..	6	5	..	..	¶9½
1902.........	7½	6	8	..	..	7½	5	..	..	10
1903.........	7½	7½	8½	..	..	6	5	..	..	10
1904.........	7½	8	8½	..	..	6	5	..	..	10
1905.........	7½	8	5	..	..	6	5	..	..	10
1906.........	7¾	8	5	..	..	6	5	..	..	10
1907.........	8	8	4	..	..	6	5	$1¼	..	¶10
1908.........	8	8	4	..	..	6	‡3½	5¼	..	¶10
1909.........	8	8	4	$2	..	6	3	7	..	¶10
1910.........	8	8	4½	5½	..	6	3	7	$5	¶11
1911.........	8	8	6	7	..	7	3	7¼	5	12
1912.........	8	8	6	7	..	7	3	8	5	12
1913.........	8	8	6	7	$2	7	3	8	5	12
1914.........	8	8	6	7	2	7	3¾	8	6	12
1915.........	8	8	6½	7	2	5¼	5	8	6	12
1916.........	8	8	7	7	3½	6	5	8	6¼	12
1917.........	8	8	7	8	4½	7	5¼	8	7	12
1918.........	8	8	7	8	5	†6¾	6	8	7	12
1919.........	8	8	7	8	3	6	7	8	7	12
1920.........	8	8	7	8	3	6	7	8	7	12
1921.........	8¼	8	7	8	3	6	7	8	8	12
1922.........	9	8	7½	8	3	6	7	§8	8	12
1923.........	9	8	*5	8	3½	7	7	§8	8	§12
1924.........	9	8	*5	§8	4	8	7	§8	8	12

* Dividend paid on new no par value shares exchanged two for one for old $100 par value shares.
† For year ending March 31.
‡ Including 2½% payment in stock.
¶ Extra payments made as follows: 1901, 1907, 1908, 1909 extras of 1%—½% in 1910.
§ Excluding rights to subscribe to new stock.

Railroads

Southern Railway | *Atlantic Coast Line*

Higher Dividends in Store for Two Leading Southern Rail Stocks

Brilliant Prospects for Southern Rwy. and Coast Line

By JOSEPH M. GOLDSMITH

THE economic progress that the South has made in recent years has had a very beneficial effect on the railroads operating in that territory. The securities of many of the southern roads have had phenomenal advances during the last few years, as a result of the more favorable earnings of this group of carriers. The rapidity and extent of the rise has led many to believe that it is merely a temporary boom, to be followed by the inevitable reaction. It has been founded, however, upon an improvement in fundamental conditions. The South at the present time is a much better field for railroad investment than at any previous time in its history.

Despite all that may have been said to the contrary, cotton is still king throughout most of the south. A large percentage of the population is either directly or indirectly dependent for its purchasing power upon this, the South's big money crop. The favorable prices which cotton has commanded during the last few years go far to explain the prosperity and large purchasing power of the South which we are now witnessing.

Diversified farming and the raising of live stock have, however, been introduced on a large scale and this is tending toward greater stability. Truck farming for the northern market has also proven very profitable. The remarkable development of the citrus fruit industry in Florida has been a most important factor in the upbuilding of that state. By way of example, the 1918-19 crop totalled 8,900,000 boxes, while the 1923-24 crop was in the neighborhood of 20,000,000 boxes, certainly an enormous increase in a period of five years. This illustrates the pace at which some parts of the South have grown agriculturally.

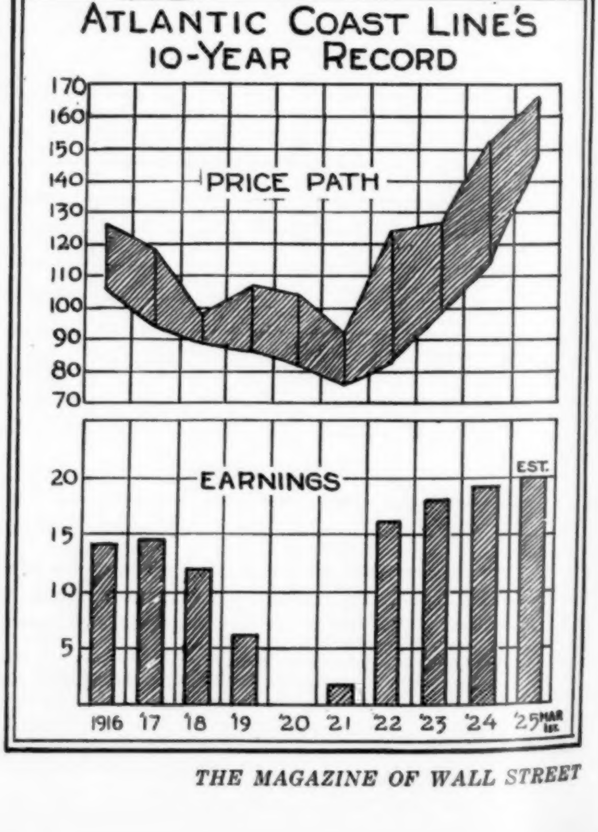
Although still predominantly an agricultural section, the South has made great strides from a manufacturing standpoint. Formerly practically all of the cotton raised in the southern states was sent elsewhere to be manufactured. This condition still prevails to a considerable extent, but the amount of cotton consumed in southern mills has risen tremendously in the last decade. The proximity to the raw material and the cheaper labor which the southern mills enjoy have enabled them to secure a great deal of business which in days gone by went to New England.

Fertile Field for Investment of Railroad Capital

The increased industrial activity requires the transportation of large quantities of coal and lumber as well as the manufactured products turned out. It is rather generally recognized, however, that the development of manufacturing in the South is still in its infancy and continued progress is expected. It is for this reason, namely the probability of a great increase in both manufacturing and agricultural output, that the South presents a very fertile field for the investment of railroad capital.

Herewith follows an analysis of the position of two of the more important Southern roads:

ATLANTIC COAST LINE The Atlantic Coast Line System, like most of those built up in the east, resulted from the consolidation of numerous roads that had been separately constructed. The parent company was a small line just 27 miles in length known as the Richmond & Petersburg. The system now comprises almost 5,000 miles of line extending southward from Richmond and Norfolk, Va., along the coast and down into Florida. It also has a line running westward to Montgomery, Ala., where connection is made with



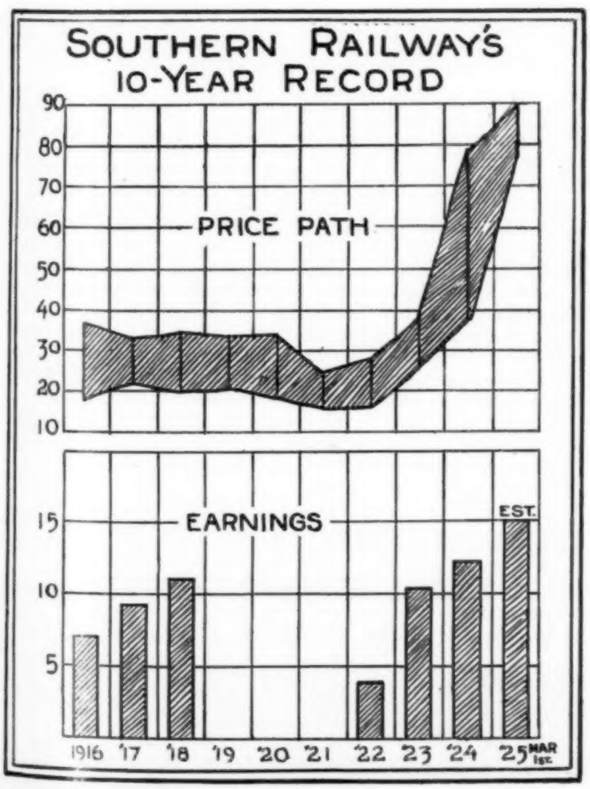
its important subsidiary the Louisville and Nashville.

Diversified Traffic

With the economic development of the territory served has come a corresponding improvement in freight traffic. In 1912, the number of tons transported one mile per mile of road was 403,000, while in 1923 the figure was 763,000. This is an increase of almost 90%. In 1923, about 12% of the traffic consisted of agricultural products, 28% of minerals, 31% of forest products and 29% of manufactures and miscellaneous. *As can be seen, the freight traffic is highly diversified and the company does not depend unduly upon any single class of commodities.*

Passenger traffic is a far more important item in the Atlantic Coast Line's income account than is true of most railroads. In 1924, this item produced 22% of the total operating revenue. The winter traffic to and from Florida furnishes the Coast Line with an important source of income. Due to the fact that the fruit and vegetable traffic is also at its height during the winter monhs, the road earns the greater part of its net income in the five months from December to April inclusive.

In 1924, the Atlantic Coast Line's total operating revenue established a new high mark. While most roads suffered a decline in gross business as compared with 1923, this company actually surpassed the preceding year's record. This indicates that the tier of states along the Atlantic seaboard which this road serves are forging ahead at a very rapid pace.



In 1923, the Atlantic Coast Line acquired a 51% interest in the stock of the Louisville & Nashville. The purchase has proven very profitable. Two stock dividends have been paid since 1902, the most recent being that of 62½% in 1923. These stock dividends have increased the Coast Line's holdings from 306,000 shares to 596,700 shares. Louisville & Nashville is now paying 6% so that Coast Line's income on this stock amounts to $3,580,-200 per annum.

Small Fixed Charges

Atlantic Coast Line's fixed charges are very small in relation to its gross earnings. In 1923, they amounted to $7,359,000 and have not changed materially since then. Outside income, the main source of which is the Louisville & Nashville stocks, covers all but about $2,000,000 of these fixed charges. Since there is only a nominal amount of preferred stock out, just $196,700 par value, the total net operating income with the exception of $2,000,000 is available for the company's common stock.

The Atlantic Coast Line has paid dividends in every year since 1901. Since 1917, the regular rate has been 7%. In July, 1924, an extra disbursement of 1% was made making a total of 8% for the year.

In the last decade, the reinvestment of surplus earnings in the property has been going on at a rapid rate. Since June 30, 1913, about $43,000,000 has been put back into the property. The book value of the stock is now about $207 per share. There has been no material change in the amount of capital stock outstanding.

Earnings per share were $16.92 in 1922, $18.64 in 1923 and were close to $20 per share in 1924. The present 7% dividend with the extra 1% is very conservative. Surplus cannot be permitted to pile up indefinitely without the stockholders benefiting in some tangible form. Either a stock dividend, or an increase in the amount paid in extra dividends will eventually give the stockholders a larger share in the company's earnings. *Atlantic Coast Line should some day sell considerably higher than the present and consequently represents a desirable investment at current quotations around* 160.

SOUTHERN RAILWAY The Southern Railway, operating along with its subsidiaries over 9,500 miles of road, is the largest system serving the South. Its lines run through practically all of the southern states.

The present company was organized thirty-one years ago, but it was not until May 1, 1924, that its common stockholders received their first dividend. It took thirty years to build up a real equity behind its common stock. During that period, surplus earnings were used to improve the property, so that it would be in a position to handle the large traffic which has lately developed. Although Southern Railway common was liberally watered in 1894, it has ample asset value and earning power behind it today.

Dividend Inauguration

It was not until 1923 that the South had completely emerged from the widespread depression that followed the post-war boom. In that year, Southern Railway's gross operating revenue rose substantially in comparison with that of the two preceding years. It was the only year with the exception of 1920 when gross passed the 150 million dollar mark. Expenses, although still somewhat high, were in better control; and earnings available for the common stock amounted to $10.11 per share. It was these earnings as well as the encouraging outlook for 1924 which led up to the declaration of an initial dividend at the rate of 5% in the early part of 1924.

During the past year, business was not as active as in 1923 and railroad gross revenues for the country as a whole were down. The Southern Railway suffered a decline of 5.3% in its gross revenues, although during the latter months of the year gross was ahead of the same months of 1923. In spite of this decline in gross revenues, net operating income, which is the balance remaining after the payment of all operating expenses, taxes and rents, increased 7.7%. This highly creditable showing was accomplished by reducing the percentage of gross revenues consumed by operating expenses from 74.7%, at which figure it had stood in 1923, to 72.1% in 1924. Another factor which contributed to a higher net operating income was a reduction of $1,266,000 in the rents payable to other roads, largely for hire of equipment.

In December, 1924, which is the last month for which figures are available, gross revenues were ahead of the pre-

(Please turn to page 862)

Continued Up-Trend in Rail Earnings

Large Improvement in January Earnings Despite Unfavorable Weather Conditions

EARNINGS of the railroads in January make a very impressive showing. As heavy car loadings were reported throughout the month, the increase of 2.7% in gross earnings of the Class 1 roads was to be expected, but in view of the increased operating difficulties many roads experienced due to the heavy snowfall, an increase of 23.3% in net operating income was a pleasant surprise.

With traffic at a record-breaking rate and no signs of a let-up in the immediate future, the railroads are undoubtedly facing a period of unusual prosperity. While, on the whole, 1924 was a satisfactory railroad year from the viewpoint of earnings, many roads doing exceedingly well, the current year promises to register a very substantial improvement provided there is no drastic change in the situation now confronting the roads.

Railroad Earnings for 1924

Preliminary Reports

Road	Net Operating Deficit	% Charges Earned	$ Per Share on Pfd.	$ Per Share on Com.
Atchison	....	....	....	15.80
Atlantic Coast Line	....	....	....	18.40
Baltimore & Ohio	....	....	....	10.00
Canadian Pacific	....	....	....	11.90
Chesapeake & Ohio	....	....	....	16.60
Chicago & Eastern Illinois	....	70	....	....
Chicago, Rock Island & Pacific	....	....	....	4.36
Chicago Great Western	....	....	1.30	....
Chicago, Mil. & St. Paul	....	90	....	....
Chicago Northwestern	....	....	....	4.20
Delaware & Hudson	....	....	....	18.40
Delaware, Lackawanna & W	....	....	....	8.34
Erie	....	....	....	6.00
Great Northern	....	....	....	7.18
Gulf, Mobile & Northern	....	....	*9.80	....
Illinois Central	....	....	....	13.77
Kansas City Southern	....	....	....	4.90
Lehigh Valley	....	....	....	5.60
Louisville & Nashville	....	....	....	12.80
Minn., St. Paul & S. S. Marie	....	....	0.20	....
Missouri, Kansas & Texas	....	....	†22.80	....
Missouri Pacific	....	....	‡9.10	....
New York, Chicago & St. Louis	....	....	....	13.90
New York Central	....	....	....	14.00
N. Y., New Haven & Hartford	....	....	....	1.90
Norfolk & Western	....	....	....	12.85
Northern Pacific	....	....	....	6.02
Pennsylvania	....	....	....	4.40
Pere Marquette	....	....	....	8.00
Reading	....	....	....	8.50
St. Louis-San Francisco	....	....	....	12.42
St. Louis Southwestern	....	....	....	8.00
Seaboard Air Line	....	....	§7.60	....
Southern Pacific	....	....	....	11.10
Southern Railway	....	....	....	12.30
Texas & Pacific	....	....	....	6.90
Union Pacific	....	....	....	15.30
Wabash	....	....	....	2.77
Wheeling & Lake Erie	....	....	2.40	....

* Gulf, Mobile & Northern pfd. is entitled to 6% and there are 22¼% back dividends due. After deducting 6% on the preferred, the balance is equivalent to $3.40 a share on common.

† Missouri-Kansas-Texas pfd. is entitled to 7% non-cumulative until January 1, 1928. After deducting 7% on pfd. and 7% on the 5% adjustment bonds which are convertible into preferred, the balance is equal to $3.20 a share on common.

‡ Missouri Pacific pfd. is entitled to 5% and there are 32½% back dividends due. After deducting 5% on preferred, balance is equal to $3.60 a share on common.

§ After deducting 4% on the Seaboard Air Line preferred stock which is non-cumulative, the balance is equal to $2.30 a share on common.

Better Earnings in Northwest

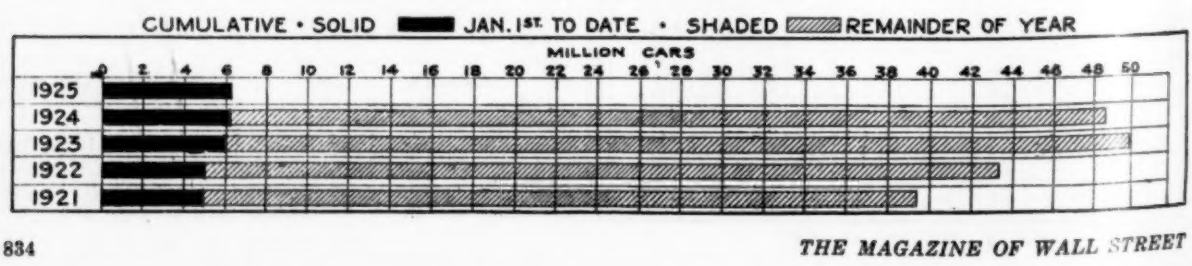
In 1924 the Northwestern group made the worst showing. The advance in the price of grain did not come early enough in the year to be reflected to any large extent in earnings. That the improved condition of the farmer will help earnings this year is already indicated by the January results, nearly all the Northwestern roads reporting fair increases in gross earnings and substantial improvement in net.

As was the case throughout the greater part of 1924 the Southern and Southwestern roads made the best showing in January. Southern Railway net was 2 millions against 1.7 millions in 1924. Missouri-Kansas-Texas reported January surplus after interest charges including adjustment bonds of $417,823 compared with $86,164 in January, 1924. Despite the fact that Missouri Pacific in January, 1924, reported a substantial increase in earnings, net in January this year showed marked improvement, with an increase of $340,000. St. Louis-San Francisco also made one of the best reports for January in its history, surplus after charges being $603,383 as compared with $358,799 in 1924.

Pennsylvania and New York Central reported small increases in gross, but operating expenses were higher due to weather conditions and net declined moderately. New Haven also had greater operating difficulties to contend with, but January net was 1.4 million as compared with 1 million last year, an excellent showing in view of the fact that there was only a slight increase in gross. Improved earning power and the successful refinancing of recent maturities has placed New Haven on a sounder footing than has been the case for some years and a more optimistic view of the road's securities is warranted.

Generally speaking, the roads face a period of favorable earnings. They are in good physical and financial condition.

SUMMARY OF CAR LOADINGS



What the News Means

~ Timely and plain-spoken interpretations of the important financial happenings of the day ~

Bear Ammunition for Smelters—

—was provided by a much exaggerated report of the damages which the company would sustain because of an unfavorable decree in technical litigation over a smelting process. The common was knocked from over 106 to 92½. When the shorts had covered it was found that the litigation still has a long way to go and, moreover, is by no means as serious as reported. Then the stock reacted to well above par again. There was small comfort in that for those whose stop orders had been caught on the downswing.

* * *

Our Prosperity Curve Is Upwards—

—according to the monthly survey of current business issued by the Department of Commerce. Increased activity during January was noted in cotton consumption, steel production, anthracite and bituminous coal production, newsprint paper, automobile production and enameled sanitary ware shipments.

Worthington Pump—

—interests look to 1925 to be a year of much increased profits. The company is putting on the market a patented locomotive water-feed device which, it is claimed, increases the efficiency of locomotive operation from 15% to 20%. Worthington's recent request for offers on 6,000 tons of pig iron, later increased to 7,000 tons, indicates that the company is preparing for big business.

* * *

England Is Again a Financial Competitor—

—owing to the rise in sterling exchange. For the first time since the war Great Britain is able to compete with Canadian and American bankers on a straight money basis, as shown by the fact that a British banking group recently obtained $4,000,000 of Government of Newfoundland bonds in competition with Canadian and American bankers. While this particular bond issue in itself is insignificant, that which it connotes is very significant. Other issues are pending in the Dominion of Canada and Australia and increasing competition for such issues means a shortening of margins of profits. Eventually a situation may develop analogous to the close bidding for municipal bonds in this country.

* * *

Nearly Two Billion

—dollars was the cost of the Government-operation-of-railroads experiment. The exact amount was $1,674,500,000, according to the final report of the Director General of Railroads. This is equivalent to more than $14 for each individual in the United States. A high price to pay for the demonstration of an unsound principle.

* * *

Remington Typewriter's Market Strength—

—is attributed to anticipation of the company's placing on the market a new, standard keyboard, noiseless typewriter. As a result of this new product, which will be backed by a national advertising campaign, the company's earnings are expected to be materially increased. The "insiders," as usual, foresaw the event.

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Actual Changes Jan. 1 to Date

AIR REDUCTION CO.
Mar. 4—(CALIFORNIA CYANIDE CO., a subsidiary) sold cv. 6s, '30, $1,250,000. (Proceeds to take up $1,100,000 floating indebtedness to parent Company.)

AJAX RUBBER CO.
Mar. 2—Offered: to Capital Stockholders of record Feb. 9, right to subscribe, at $10, to one share of new stock to each 5⅓ shares held, shares 75,000

AMERICAN BEET SUGAR
Jan. 20—Increased: authorized Common Stock from 150,000 shares to 260,000. Changed par value: of Common from $100 to no par. Increased: authorized Preferred Stock from $5,000,000 to $6,000,000. Changed: Preferred Stock from 6% non-cum. to 7% cum. Sold: s. f., cv., deb. 6s, '35, $3,500,000. Purchased: NORTHERN SUGAR CORP. and MINNESOTA SUGAR CO....$4,437,841

AMERICAN CAN
Feb. 1—Redeemed: at 102½, s. f., deb. 5s, '28, entire issue, $5,494,000

AMERICAN CAR & FOUNDRY
Mar. 5—Changed par value: of Common Stock from $100 to no par. Authorized: increase in Common from 300,000 shares to 600,000 shares.

AMERICAN TEL. & TEL.
Jan. 8—Sold: s. f., deb. 5s, '60....$125,000,000

BROOKLYN EDISON
Jan. 1—Redeemed: at 105, "C," gen. 7s, '30, entire issue...$2,000,000

CENTRAL LEATHER
Jan. 1—Sold: s. f., 1st lien 6s, '45....$15,000,000

CLUETT, PEABODY & CO.
Feb. 25—Changed par value: of Common Stock from $100 to no par. Authorized: increase in Common from 180,000 shares to 250,000 shares. (Part of this increase, together with block of Preferred, to pay for recent acquisition of EARL & WILSON CO.

COMMERCIAL SOLVENTS CORP.
Jan. 11—Sold: 5-Yr. cv. 6½% notes, '30....$3,200,000

CONLEY TIN-FOIL CORP.
Feb. 16—Paid: first liquidating dividend of $14 a share...$2,785,494

CONSOLIDATED CIGAR CORP.
Jan. 24—Sold: 3-Yr. 6% g. notes, '28....$2,500,000
Jan. 31—Authorized: increase in Common Stock from 150,000 shares to 250,000 shares.

CONSOLIDATED GAS CO.
Feb. 12—Sold deb. 5½s, '45....$50,000,000

CONTINENTAL CAN
Feb. 16—Paid: stock dividend of 5% on Common, shares....22,502

COSDEN & CO.
Feb. 26—Changed name: to MID-CONTINENT PETROLEUM CORP.

CUDAHY PACKING CO.
Feb. 9—Issued: 60,000 shares Common Stock (private sale) $6,000,000

DANIEL BOONE WOOLEN MILLS
Feb. 19—Receiver appointed.

DELAWARE & HUDSON CO.
Jan. 5—Sold: additional 1st & rfndg 4s, '43....$4,000,000

DETROIT EDISON
Jan. 10—Redeemed: at 103, cv. 8s, '31, entire issue....$5,402,000
Feb. 1—Sold: "A" gen. & Rfndg. 5s, '49....$12,500,000

FARMERS LOAN & TRUST CO.
Feb. 11—Authorized: increase in Capital Stock from $5,000,000 to $10,000,000.
Mar. 4—Offered: to Stockholders right to subscribe, at $100, to 1 new share for each share held....$5,000,000

FEDERAL LIGHT & TRACTION
Mar. 1—Redeemed: at 110, "A" cv. deb. 7s, '53, entire issue, $223,500

FISHER BODY
Jan. 14—Split: 600,000 shares Common, par $100, into 2,400,000 shares par $25.
Feb. 1—Redeemed: at 102, 6% g. Notes, '26, entire issue, $17,500,000

FOUNDATION CO.
Feb. 19—Authorized: increase in Common Stock from 75,000 shares to 100,000 shares.

GENERAL ELECTRIC CO.
Jan. 31—Distributed: to Common Stockholders, share for share, its holdings of the entire Capital Stock of ELECTRIC BOND & SHARE SECURITIES CORP., shares....1,802,870

GENERAL PETROLEUM
Feb. 15—Redeemed: at 106, s. f. 7% g. Notes, '31, entire issue, $800,000

(*Please turn to page* 862)

Industrials

Ten Stocks Behind the Market

Miscellaneous Assortment of Attractive Stocks Which Offer Good Prospects for Price Enhancement

WHILE it is true that practically every stock of consequence listed on the N. Y. Stock Exchange has participated in the bull market, and that they are consequently not as attractive as formerly, there are still a rather surprising number of issues which, on their intrinsic value and prospects, could easily sell at considerably higher prices. Careful analysis has been made of these issues and ten have been selected as offering what appear to be unusually good opportunities for speculative investment. These stocks have been diversified to include rails, oils, equipment and miscellaneous industrials. Nearly all the issues are on a dividend basis and offer a fair return on the investment. They are not recommended from the viewpoint of the investor who requires a high degree of safety, but are suitable for business men who have surplus funds to spare for speculative purposes.

ILLINOIS CENTRAL Illinois Central has one of the longest unbroken dividend records of any stock listed on the N. Y. Stock Exchange, dividends on the common stock having been maintained since 1860. The stock is uquestionably to be classed among the soundest common stocks in the rail group. Despite its excellent record, the common stock has participated only to a moderate degree in the upward movement in the railroad shares.

For the past few years, Illinois Central has engaged in a very extensive program of additions and betterments, including improvements to the Chicago Terminal, electrification, grade reductions and the building of sidings. In the past two years, close to 100 million dollars has been expended for these purposes and additional equipment. This is now being reflected in a lower operating ratio. In 1924, gross earnings were adversely influenced by falling off in coal shipments, and gross declined 13 millions. Net nevertheless increased 3.3 millions. Indications are that the road will be able to lower operating ratio still further, for it has not as yet received the full benefit of the huge sums expended for improvements.

The Interstate Commerce Commission's tentative value of Illinois Central is equivalent to over $225 a share for the common stock. An examination of the methods adopted by the Commission in arriving at this figure brings the conclusion that this is an unduly conservative valuation, and it has already been protested by the Illinois Central management.

Earning its present dividend of $7 a share about twice over, and with the improvement program largely completed, it may not be long before the directors will consider the question of larger disbursements to shareholders. *At present levels of 117, the common stock represents an exceptionally attractive business man's investment.*

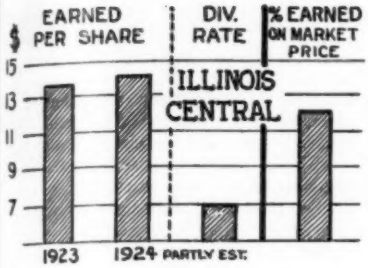
BALTIMORE & OHIO The year 1924 furnished an excellent test of Baltimore & Ohio's earning power. Because of large stocks accumulated in 1923, coal traffic fell off heavily in the first half of 1924, and gross earnings of B. & O. suffered in consequence. For the full year gross earnings declined 31 million dollars; but, despite this substantial falling off, approximately $10 a share was earned on the common.

Ability to earn twice the present dividend rate of $5 a share in a year that was none too satisfactory, not only

Ten Attractive Common Stocks

STOCKS	Earned Per Share	Paid 1924	High 1924	Low 1924	High 1925	Low 1925	Recent Price	Yield	1924 earnings in % of mkt. pr.
St. Louis-Southwestern	$8.30	....	55⅞	33	53¾	47	53	..	15.6
Balt. & Ohio	10.00	$5.00	84⅞	52⅛	82½	76	80	6.2	12.5
Ill. Central	13.77	7.00	117⅞	100¼	119⅝	113¾	117	5.9	11.8
Allied Chemical	*8.00	4.00	87½	65	92	81⅝	89	4.5	8.9
Atlantic Refining	†6.00	....	140⅛	78½	117½	95½	115	..	5.2
Endicott Johnson	8.04	5.00	73⅜	55⅞	72	67	69	7.3	11.6
Gen. Amer. Tank	5.62	3.00	53	35½	58½	49½	52	5.8	10.8
Studebaker	7.50	4.00	46¼	30½	46¾	41¼	46	8.6	16.5
Nat'l Supply	*7.00	3.00	72½	54½	71	61¾	67	4.4	10.4
Int. Harvester	*7.50	5.00	110½	78	110⅞	102	105	4.8	7.1

* Estimated. † Partly estimated.



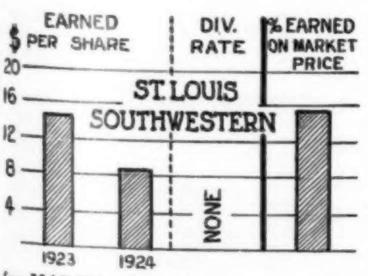
gives assurance that this dividend is unusually well protected, but offers possibilities of a still higher rate, particularly as indications point to a larger income this year. In December, gross was 18.2 millions against 17 millions in 1923, the first increase in gross earnings reported in over a year. With coal stocks down to normal proportions, and increased business activity stimulating demand, there should be a satisfactory movement of this commodity in the current year, in which B. & O. will participate. It is not at all improbable that 1925 earnings will reach the record returns in 1923, when $13.02 a share was earned.

Baltimore & Ohio common stock has not enjoyed the sensational advances witnessed in many other railroad issues, and at present levels of 80, yielding 6.2%, offers one of the best opportunities in the railroad group.

ST. LOUIS SOUTHWESTERN While it is true that St. Louis Southwestern common at present levels is substantially above the low prices reached in 1924, nevertheless is has not advanced relatively as much as other railroad stocks operating in the Southwestern territory. Based on the performance of the other rails, St. Louis Southwestern common appears behind the market.

Although traffic on the road's lines showed a considerable decline in 1924, preliminary reports for the year indicate that $8.30 a share was earned on the common stock. This is equivalent to 15.6% on the present market price of 53, and compares with 9.5% earned on the market price of Missouri Pacific common, 9% for Rock Island common, and 12.5% for Kansas City Southern common.

By adopting a conservative dividend policy, St. Louis Southwestern has been able to better the physical condition of the road without recourse to additional financing. At the close of 1924, condition of equipment compared favorably with other roads in the Southwest.



The territory traversed has shown an unusual degree of growth in the past decade, and this, together with increased operating efficiency, has enabled the road to build up a substantial earning power, as indicated by the following table:

Per Share Earned on Common:

1916	$7.50
1917	17.50
1918	*4.32
1919	2.12
1920	12.01
1921	9.16
1922	7.72
1923	14.71
1924	8.30

* On preferred.

Recently traffic has been improving in volume, and indications are that 1925 earnings will exceed those of last year.

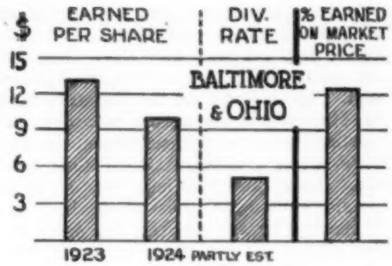
The earning power demonstrated by this road entitles the common stock to consideration as a speculation at present levels.

ALLIED CHEMICAL & DYE In view of the great appreciation in market value that has taken place in most of the stocks representing the stronger industrial corporations of the country, Allied Chemical & Dye common stock has accomplished little in a market way. When it is considered that the company is dominant in its industry, is in an unusually strong financial position, and is apparently facing a period of favorable trade conditions, the stock appears quite out of line with issues of similar grade.

A hasty examination of the company's annual report might lead to the conclusion that earning power is hardly sufficient to warrant much higher prices; but a more careful study of the operating results would revise this opinion. In 1923 the company reported only $7.53 a share earned on the stock. This, however, was after deducting abnormally large amounts for depreciation and various reserves. In addition, the company has been under unusual expense in coordinating its various properties, eliminating duplications, scrapping some plants, and bringing others up to a high state of efficiency. Had only normal deductions been made in 1923, earnings would have shown over $12 a share for the common.

The progress made by the company since organization is clearly indicated in its balance sheet. As of December 31st, 1923, current assets were 101.2 millions against current liabilities of only 11.9 millions. Included in current assets were 7.2 millions cash and 42.3 millions marketable securities.

The readjustment of plants and organization has now been completed,



and the company is in a position to show a larger earning power, particularly as the price of chemicals has recently improved and further improvement is indicated.

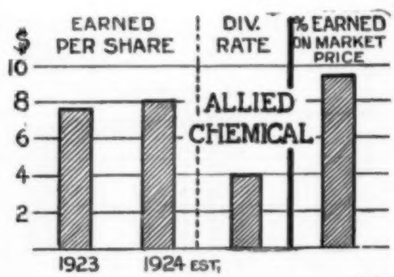
The common is only paying $4 a share, but the dividend obviously can be increased at any time, and higher levels for the stock appear justified.

ATLANTIC REFINING This company is more than half a century old, having been incorporated in 1870. It is an "old line" Standard Oil concern. For years it made huge profits and paid $20 annually in dividends. In 1922, Atlantic declared a 900% stock dividend, bringing its authorized and issued common stock up to $50,000,000.

In two out of the last four years, Atlantic has reported profit and loss deficits. Does that mean that the "good old days" have gone never to return? Let us see. No company can be criticised for showing a deficit in 1921. Only the most fortunate were able to come out on the right side of the balance sheet. In that year, Atlantic's gross earnings fell from $169,000,000 to $104,000,000, round figures. The company took its medicine with the rest in that black, industrial year.

In 1923, after charging off depreciation and depletion totaling nearly $8,000,000, the company would have shown the former common dividend of $4.00 approximately earned if it had not been compelled to write off $2,234,000 for inventory losses. That year Atlantic guessed wrong on oil prices which happens in the best of regulated oil companies. In 1922, when there were no inventory losses and when the gross was a million dollars less than in 1923, Atlantic showed 11.35% on its common, equivalent of 113.5% on the capitalization before the 900% stock dividend.

Atlantic has been criticised for not having built up its crude production and for having lost its grip on its ter-

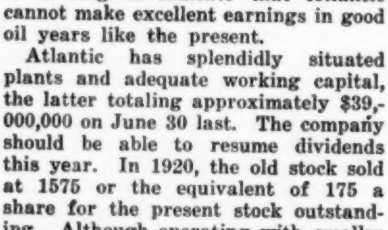


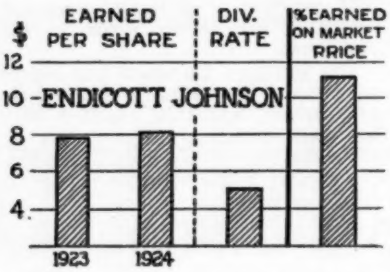
ritory. Doubtless there is something of truth in both assertions. But Atlantic has perhaps had more than its share of hard luck on the production end. The collapse of the Tepetate field in Mexico put the crimp into one important source of production, Atlantic's subsidiary, the Atlantic Lobos Oil Co. Had the field held up, Atlantic would have been able to obtain from there the 60,000 bbls. needed daily for its plants. Again the company's contract with Superior Oil to take over the latter's Kentucky production received a knockout blow when the courts upset this contract in connection with other ruling adverse to Atlantic. The Atlantic-Superior episode is a murky page of Atlantic's history and will probably cost Atlantic at least $3,500,000 cash. At least it can be said if Atlantic's deal with Superior had been allowed to stand it would have benefited Atlantic's stockholders and not Atlantic's officials personally.

While competition has increased everywhere along the line in the oil business and Atlantic does not dominate its field as formerly, the company is far from moribund. Gross earnings of upwards of $64,000,000 for the first half of 1924 compare favorably with some of the best years in the company's history. Expenses have increased considerably so that net figures are less than formerly, but there is nothing to indicate that Atlantic cannot make excellent earnings in good oil years like the present.

Atlantic has splendidly situated plants and adequate working capital, the latter totaling approximately $39,000,000 on June 30 last. The company should be able to resume dividends this year. In 1920, the old stock sold at 1575 or the equivalent of 175 a share for the present stock outstanding. Although operating with smaller margins of profits than formerly, Atlantic is a much larger organization than five years ago. *The stock is not likely to repeat the great exploits of the war and post-war periods, but its affairs are decidedly on the mend and the improvement has not been fully discounted in the present price of the stock of about* 115.

ENDICOTT JOHNSON Endicott Johnson is not among the issues which ordinarily offer a great appeal to the speculative fraternity. The stock, on its record, falls logically into the class of common shares deserving of consideration from the conservative buyer. Yet it has, in past bull markets, been more responsive to optimistic demonstrations than is the case at present.





The company has fully demonstrated its ability to show good earning power even under the most adverse conditions. In 1921, when the majority of manufacturing enterprises were struggling with inventory and operating losses, Endicott Johnson earned $9.49 a share for its $50 par value common stock. Average net income available for dividends on the common for the past six years amounted to $9.59 a share.

The company has achieved its present commanding position in the shoe industry by virtue of steady growth since the original business was founded in 1894. The heavier grades of work shoes formerly constituted Endicott Johnson's chief product. Of late, however, the tendency has been to increase production of lighter footwear for general purposes. As a result of expenses incurred in changing over to the newer lines, earnings during the fore part of 1924 were somewhat reduced. The company did not benefit from the early summer revival in the industry until later months.

In spite of the fact that shoe prices were lower, on the average, than those for 1923, net profits were slightly higher due to a larger volume of gross sales. Moreover, earnings in the first half of 1924 were held down by unsatisfactory conditions in the tanning industry. In addition to its shoe manufacturing activities, Endicott Johnson operates its own tanneries. In recent months, this branch of the business has shown material improvement.

Earnings of $8.04 a share for the common stock last year compare with $7.95 in 1923. Financial position, however, shows a more decided improvement. Inventories were reduced 3.5 million dollars while bank loans dropped 4.65 millions. Ratio of current assets to current liabilities stood at 3.15 to 1 at the close of the past year, with working capital at 22.16 millions against 21.5 millions. The company has no funded debt.

The common shares at recent prices around 69 yield 7.3% on the basis of the present $5 dividend. The company has a profit-sharing plan which entitles its employees to participate in all earnings in excess of $5 a share. While this tends to restrain speculation in respect to possible dividend increases, it would seem that the stock has yet to reflect the improvement shown in recent months and the prospect for better earnings this year.

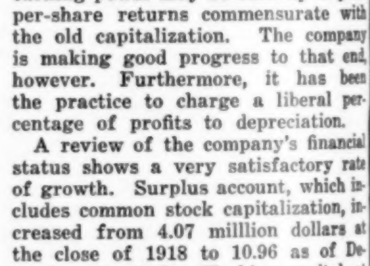
GENERAL AMERICAN TANK Cursory examination of General American Tank Car's record is not likely to create enthusiasm. Measured by the yardstick of per-share earnings, balances shown for the junior shares do not seem encouraging to those who look for a marked increase in dividend returns. Net available for the common stock in the years 1921-1923, for example, averaged $3.96 compared with dividends of $3 a share. If allowance be made for the preferred stock sinking fund, the showing is even less impressive, indicated earnings being but $2.96 for this three-year period.

Going more deeply into the record, however, it will be found that an ambitious stock dividend may be held partially accountable for this situation. Prior to April, 1920, when this 300% dividend was paid, General American Tank had but 50,000 shares of common stock, on which it reported net profits averaging nearly $18 a share per annum, from the time of organization in 1916. At present, 253,400 shares of the 400,000 authorized common are outstanding.

It would appear that there is considerable room for expansion before earning power may be built up to yield per-share returns commensurate with the old capitalization. The company is making good progress to that end, however. Furthermore, it has been the practice to charge a liberal percentage of profits to depreciation.

A review of the company's financial status shows a very satisfactory rate of growth. Surplus account, which includes common stock capitalization, increased from 4.07 milllion dollars at the close of 1918 to 10.96 as of December 31, 1923. Working capital, at the same time, expanded from 5.07 millions to 9.31 millions. Figures for last year are not available but it is understood that notes payable, totaling 3.75 millions, were entirely eliminated.

Profits have shown a noticeable tendency toward expansion since 1921, owing to the liberal buying policies of the railroads. The carriers' demands for new freight cars will probably reach even larger totals this year than last owing to the increased need for replacements. These requirements are, obviously, based upon steadily rising traffic requirements.



Net income of General American for 1924, after interest on equipment trust notes and dividends on the 8.82 millions of 7% preferred stock, but before preferred stock sinking fund, was equivalent to $5.62 a share for the common. This compares with $4.65 in 1923 and $4.03 in 1922.

An important factor in the probable future earnings of the company is the recent perfection of a new milk tank car. This car will effect a marked saving in transportation charges on milk as one new car can do the work of three old. Development of the new unit is the result of several years of experimenting. It can be commercialized without recourse to financing.

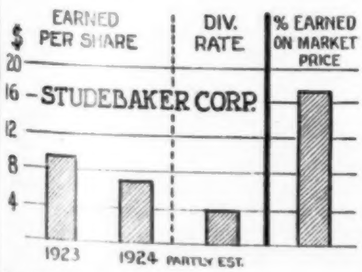
Hence, while General American Tank common, at recent prices around 52, yields but 5.8%, the stock would seem to have good long-pull possibilities. Though the present income return is not especially attractive, the shares have not discounted future prospects as fully as the average equipment issue.

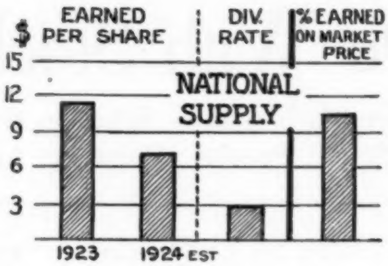
STUDEBAKER CORP. Many of the motor stocks have been less active in the current bull market than is their wont. Several of the issues in this group, however, have advanced considerably since last November on the strength of improved financial condition and continued good earnings. Although Studebaker has also moved upward to a degree, the stock, nevertheless, has been slow compared with some of its prominent rivals.

It is difficult to find a reason for the sluggishness of the stock. Like all motor companies, Studebaker suffered from the mid-year slump in automobile sales in 1924 but in none of the four quarters did it fail to earn common dividend requirements. For the year as a whole, net available for the common stock was about $7.50 a share.

The favorable showing in the last three months, which was the best quarter in Studebaker's history, from a sales standpoint, may be taken as an indication of results to be anticipated in the current year. The new models, introduced in September, have met a strong popular demand. Sales of cars reached 34,000 cars compared with 22,581 in the final quarter of 1923, a gain of more than 50%. This compares with a decrease of 24% in car sales for the entire year.

On the strength of these results, Studebaker may be expected to main-





tain its well established position as one of the leading motor companies during 1925. Financial position remains strong with working capital at 32.09 million dollars as of September 30, 1924, against 33.80 millions at the close of 1923.

Earnings of this company, as well as other automobile manufacturers, will reflect the lower margin of profits resulting from January price reductions and recently rising material costs. *For an issue whose $4 dividend seems so well secured, however, Studebaker common selling around 46, may be regarded as behind the procession.*

NATIONAL SUPPLY CO. Admittedly, a common stock which yields less than the average high-grade bond must have something more than current dividend return to recommend it. The buyer of such an issue should have good grounds for believing that he is justified in anticipating larger disbursements in due course. Otherwise, there can be no excuse for risking his funds.

National Supply is a leader and one of the largest factors in the oil equipment industry. It maintains a comprehensive system of stores and warehouses throughout the oil-producing states. The machinery and supplies which it manufactures are distributed through these and other agencies. Many of the most important oil companies are numbered among its customers.

Earnings fluctuate to a great extent owing to their dependence upon conditions in the oil industry. Rising oil prices tend to stimulate activity in the oil fields, of course, and at such times demand for machinery and supplies picks up. When prices are falling, the reverse is true. Even during the unfavorable year 1921, however, National earned a balance of $5.50 a share for its common stock. Average for the past seven years, including estimated earnings of $7 last year, is equivalent to $11.15 for the common, after preferred dividends.

From the standpoint of financial condition, National Supply ranks with the strongest companies. Balance sheet as of June 30, 1924, revealed net tangible assets equivalent to $89 a share for the $50 par value common stock. Working capital totaled $24.86 millions or $69 a share after deducting 7.07 millions for the 7% cumulative preferred shares at par.

Manifestly, National Supply could maintain its common stock on a more liberal dividend basis than the present $3 rate. In view of the improving outlook for the petroleum industry, therefore, the current yield of only 4.4% may be treated as a minor consideration. At present levels around 67 the stock has good speculative possibilities.

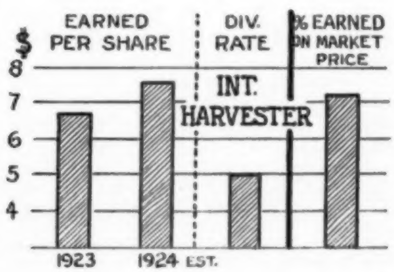
INTERNATIONAL HARVESTER This is one of the bulwarks of American industry. It is the largest farm implement manufacturer in the world. In the years preceding the war, this company reported earnings for its common stock which compare favorably with the most prominent market leaders of the present day.

The losses sustained at home and abroad during the period of farm depression in this country and economic chaos in Europe were staggering. However, the large equities and strong working capital position permitted the company to maintain an unbroken dividend record.

Working capital position was not greatly disturbed by the unsettled conditions of the past four years. From the high point of 157.87 millions in 1920, this figure dropped to 143.39 millions in 1923. Surplus declined from 71.65 millions at the close of 1919 to 51.31 at the end of 1923, but during the past two years the company was once more able to return a balance to this account.

No figures for 1924 have been published, as yet, but it is evident that substantial improvements were made in financial condition and earnings as a result of the decided recovery in agriculture. Return to a pre-war basis will undoubtedly be gradual. The farmer suffered a severe shock in recent times and is still timid about replacing badly worn farm equipment.

It is unlikely that the post-war conditions will be repeated for a long time to come, however. International Harvester is a self-contained unit and its dominating position gives assurance that former earning power will eventually be restored. The common stock at 105 affords a modest return of 4.8%, but equities back of the issue are substantial. *Those who are content to forego a large yield in consideration of promising long-pull prospects may reasonably look upon Harvester as one of the stocks that has room for further improvement.*



What to Do With Stock "Rights"

How to Figure Their Value—When to Exercise Your "Rights" — Some Special Pointers for Investors

VITAL FACTS TO KNOW ABOUT "RIGHTS"

1. In bull markets, securities bearing "rights," generally speaking, show a tendency to advance after the expiration of the "rights."

2. In uncertain or bear markets, the tendency of "rights" is to lose their value since investors are not in the mood to put up the money necessary to purchase additional stock.

3. If the investor desires to dispose of his "rights" the best time to do so is just after they appear on the market. This is because the underwriters generally make the "rights" appear strong right after they are issued, after which they are allowed to take their own course.

"*RIGHTS — Privileges —given to security holders to subscribe for a new issue of the same company's securities, generally on attractive terms.*"*

Corporations have three customary methods whereby they may make return to their stockholders on the funds invested by the latter. The first and most familiar method is by the payment of cash dividends. The second, which has become very prevalent of late years and which is generally understood, is through the declaration of stock dividends.

A third method, which is in reality a sort of hybrid between the first two, is the declaration of stock dividends which call for payment of varying amounts of cash by stockholders. The beginner in finance naturally is curious to know the why of the stock dividend. At first blush it would appear that if a well managed corporation makes large profits the directors would seem to be adequately fulfilling their functions by declaring cash dividends of the funds of the company which are not needed for working capital.

There are, however, many good and sufficient reasons for stock dividends. Perhaps the most compelling is the desire of the modern corporation not to appear too prosperous. The era of "trust-busting" and the Sherman act, which inaugurated this century, left a very strong imprint on corporate consciousness. While the public mind has at last been educated to perceive that big business *per se* is not necessarily an undiluted evil but rather a normal development of a great era of expansion, there is no telling when the demagogues will succeed in stirring up public clamor and putting big business on the rack again.

A Matter of Psychology

Big cash dividends, like ostentation on the part of individual, invite hostile criticism. Those who appeal to the passions of the masses like to talk about "huge profits" and to point to specific examples. While it may seem like hiding its head in the sand for a corporation to double its capitalization and pay a dividend rate on the new stock at twice the rate on the old, the fact remains that it is good business to do so. It is merely a matter of public psychology. But it is an important matter. When the stump speaker has to stop and explain to his hearers that while the X. Y. Z. company is only paying 5% in dividends it is in reality paying twice as much as it did on its former capitalization, the attention of his hearers flags and his point loses its effectiveness.

Conservation of cash is another reason for stock dividends. Many large corporations are constantly expanding and like to finance their expansion from earnings as far as possible rather than by putting a bond mortgage on the company's properties, or increasing an existing mortgage. When a company can make, say, 15% on its invested capital, it is better to put the surplus back into the property and pay dividends on an increased amount of stock, than to hand the cash over to the stockholders.

Wider distribution of a corporation's securities is also furthered by stock dividends. This results in decentralization of control. The tendency of the modern corporation is towards constantly wider distribution. Companies like National Lead, American Sugar Refining, the U. S. Steel Corporation, etc., are no longer controlled through stock ownership by the interests which conceived them. The name Rockefeller is gradually becoming less and less synonymous with that of Standard Oil. Big corporations realize that every new stockholder means a new proponent for a company. Also the wider a stock is distributed the less sharply it fluctuates in the market.

The offering of stock to stockholders at a price below the current market for the old stock, is in reality a form of stock dividend. It accomplishes all the purposes of a stock dividend and in addition provides new working capital for a company. The difference between the offering price of the new stock and the market price of the old obviously furnishes the basis for determining the value of "rights."

The theory of this form of stock dividend is that it enables stockholders who are "sold" on their company to maintain their pro rata interest in the company by subscribing to the new stock and paying the asked price for it. If a stockholder does not wish to add to his stockholdings or has not the funds to do so, he can sell his "rights" in the open market and receive the equivalent of a cash dividend.

The matter of stock "rights" is all too little appreciated or understood by stockholders. Stockholders of the Lehigh Valley Railroad not very long ago relinquished the equivalent of $800,000 in rights by failing to take up the stock of the Lehigh Valley Coal Co. by exercising their rights, or by disposing of those rights in the open market. That $800,000 of course went to increase the equity of all the stockholders.

The following method of determining the value of rights is simple and easily understood:

A Simple Method for Determining the Value of Stock Subscription Rights

> *Before a stock sells "ex-rights" find the difference between the market price of one share of old stock and the subscription offering price of one share of new stock by subtracting the latter from the former. Divide the result by the total of rights necessary to obtain one share of stock plus 1.*

Putting this formula into practice, let us suppose that a company whose stock is selling at 110 offers new stock to its shareholders at 100 per share, on the basis of one share of new stock for every five shares of old stock owned. The result will be as follows:

* How to Make Big Profits in Seasoned Securities, published by The Magazine of Wall Street.

Price of 1 share of old stock..110
Price of 1 share of new stock..100

Difference.. 10

Dividing 10 by 6 (5+1) gives us 1.66, or the value of the right attached to each share of old stock.

If one desires a check on the above formula this longer method will serve the purpose:

Take the market value of 100 shares of old stock...	$11,000
Add cost of the 20 shares of new stock obtainable from rights on 100 shares of old stock	2,000
Total..	$13,000
The average cost of 100 shares of old stock plus 20 shares of new is.........	108.33
Subtracting this from the market value of the old stock, or 110, and we have the value of rights per share of old stock, viz.:...	1.66

When should a stockholder exercise his rights and when should he sell them for what they will bring? The answer is unsatisfactory but it is the only one possible to make and is: "That depends." The principles which govern the exercise or non-exercise of rights are the ones which govern an investor when he is endeavoring to determine whether to buy a security, hold on to what he has or sell what he owns.

He may be a strong believer in his company, in which event he will exercise his rights and take up his new stock as did the stockholders of Southern Pacific several years ago when they were given rights to subscribe to the stock of the Pacific Oil Co. and as did the stockholders of the Phillips Petroleum Co. more recently.

Stockholders of Davison Chemical Co. last year would have done best to have sold their rights when they came out at 5, for they later made a low of 1/128. When they expired were selling at 1/64. Stockholders of Crucible Steel were offered rights to subscribe to new stock at par when the old stock was selling in the open market at 97. It required 10 rights to subscribe to one share of Crucible and the rights at one time sold at 1. So that some deluded investors were paying the equivalent of $10 a share to subscribe to Crucible stock at 2 points above its market price. Perhaps they figured their rights as the equivalent of a call 12 points away from the market and expected to cash in on a typical Crucible "bulge." Their expectations were not realized.

Another curious tendency of rights and one that is very important, is their propensity to make their highs shortly after they appear on the market. This is true in almost every case last year of the rights which were traded in and which are noted in the accompanying tabulation.

A Few Examples

The rights on Reading stock are unusual in several respects. Usually rights must be exercised within thirty or sixty days after they appear but in the case of Reading the stockholders have approximately two years to exercise their privilege. The Reading Co. offered to each of its stockholders as of record on December 17, 1923, the right to subscribe to 1,400,000 shares of the Philadelphia and Reading Coal and Iron Corporation, represented by certificates of interest issued by the Trustee, on the basis of one share of new stock for each two shares of Reading owned. The purchaser of these certificates is entitled to receive stock in the coal and iron corporation provided he submits an affidavit to the effect that he owns no stock in the Reading Co. In other words, the Reading stockholder must make up his mind whether he wishes to continue as a Reading stockholder or prefers to dispose of his Reading stock and become a stockholder in Reading's former subsidiary, the Philadelphia and Reading Coal and Iron Company.

Fluctuations of "Rights" on Listed Stocks in 1924

Company	High	Low	Last
American Ice	1 1/8	1/4	1
Amer. Tel. & Tel...	4 7/16	2 11/16	4 3/8
Col. Gas & Elec....	1/2	1/16	3/16
Com. Solvents	9 5/8	5/8	6 1/2
Con. Textile	1/16	1/32	1/16
Continental Can ...	1 1/2	3/16	1 3/8
Davison Chemical..	5	1/128	1/64
Detroit Edison	3/4	1/32	1/32
Foundation Co. ...	2 1/2	1 3/8	1 1/4
Guantanamo Sugar.	3/16	1/64	1/64
Ill. Central	1 1/4	1/2	1 1/16
Int. Com. Engine..	3/8	1/16	1/4
Invincible Oil	1	1	1
Lehigh Valley	34 1/4	25 1/8	34 1/4
Liggett & M.......	29 1/8	24 1/4	25 7/8
Mack Truck	3 1/4	2 1/8	2 7/8
N. Y. Central......	1/2	1/8	3/8
Pac. Tel. & Tel....	1/4	1/4	1/4
Phillips Pet.	3 1/8	1/16	3/16
Pitts. Term. Coal..	63 3/4	58 7/8	62
Pitts. & West Va...	14 3/4	7 1/4	13 1/4
P. S. of N. J......	26 5/8	2 1/4	25 1/2
P. S. of N. J. new.	3/4	1/8	11/16
Reading	25 1/4	15 1/4	22 1/2
Replogle Steel	.15	.07	.07
Royal Dutch N. Y..	7 1/8	5 3/4	7
Skelly Oil	1/4	1/32	1/16
Trans. Oil	1/4	1/32	1/8
U. S. Hoffman Mch.	3/16	1/8	3/16
White Motors	1/4	1/16	1/16

In the case of Wickwire-Spencer Steel Corporation we had the apparent anomaly of the rights selling considerably above the market price of the stock. This is explained by the fact that the rights carried the privilege of purchasing notes of the company with a considerable bonus of stock of the new and reorganized company. The net result was the equivalent of an assessment.

The following excerpts from the New York Stock Exchange rules for delivery are applicable to the matter of rights and should be noted by the investor:

18. Assignments of "rights" with the signature of the assignor and guaranteed in the same manner as other assignments, as provided in these rules, are a delivery:

(a) An assignment of the "rights" accruing on each 100 shares; or, assignment of "rights" on odd lots aggregating the "rights" on 100 shares.

(b) An assignment for the exact amount, or assignment aggregating the amount, on a sale of the "rights" accruing on an odd lot of stock.

19. Assignment of "rights" in the name of a married woman, widow or unmarried woman, are a delivery without notarial acknowledgment.

20. Assignment of "rights" made by a deceased person or firm that has ceased to exist, are not a delivery and must be taken back by the party delivering them.

21. Assignment of "rights" signed by trustees, etc., or for corporations, etc., are not a delivery, unless passed by the Committee on Securities.

What the Investor Should Do

We have shown that there can be no general rule applicable to the problem of whether the investor should exercise or sell his rights. Each case is an individual one and should be decided on individual merits. But because the subject of rights is at times puzzling to the average individual, is no reason why rights should be neglected and allowed to lapse. Rights represent value, money, and for an investor to allow his rights to lapse is the equivalent of tearing up a bond coupon or throwing away a dividend check. There are plenty of institutions and individuals who will gladly advise an investor in the matter of rights, and if the investor does not understand what his rights are all about he should consult the best authorities. It is far better for him, however, to learn to work out his own rights problem. Thereby he gains in financial knowledge and hence in financial wisdom.

Underpaid Stockholders

Why They Seem to Deserve Better Dividend-Treatment at the Hands of Some of the Corporations Whose Shares They Own

By JOHN E. SCHERER

SEVERAL of the corporations whose stocks are dealt in on the New York Stock Exchange could either pay a considerably higher rate of dividends than they are now paying or else are in a particularly good position to do some melon-cutting.

Their past earnings would justify the move; their present earnings would justify it; their financial position would more than justify it; and their outlook would justify it.

Why don't they do it?

Certainly the main body of their stockholders would be delighted should the corporations take this course. That main body—in most cases, at least—is made up very largely of small holders of stock—people who haven't very much surplus and who find it no simple task to make both ends meet in these high-living-cost-days. For such people, larger dividend-payments would be very welcome because:

(1) Larger payments would add that much to the incomes of these small holders and render it that much easier for them to show a margin of surplus at the end of the year.

(2) Larger payments would make it unnecessary for small holders to sacrifice their commitments in order to benefit tangibly from the sound judgment, conservatism and faith which led them to establish these commitments in the first place. Instead of cashing in at the higher prices now prevailing and taking their cut in the form of a capital gain, they could continue to hold the issues and still participate tangibly in the improvement through the medium of a gain in income.

Much could be said in favor of larger payments, where justified, from the standpoint of the corporations themselves, too. There is nothing like a good dividend-record to foster investment-confidence in a corporation. And there is nothing like investment-confidence to help a corporation if it ever chooses to branch out. Also, where numbers of a corporation's wage-earners are included among its stockholders—as in many of the specific cases in mind—larger dividends have the effect of improving relations with employes, as well as encouraging more of them to buy its stock. Finally, the payment of larger dividends, where justified, serves to stem the accumulation of "embarrassing" surpluses, thereby rendering the corporation less easily the object of political attack.

We repeat: The circumstances justify larger or special dividend-payments in numerous cases, and larger payments would be desirable from the standpoint of the main body of stockholders as well as from the standpoint of the corporations themselves. Why, then, don't the corporations act?

About the only reason we can think of is this: Wealthy holders of the stocks in question would find themselves "pushed further up into the higher brackets," taxation-ly speaking, were their incomes to be further swollen through larger payments; thus from their particular point of view, about the only effect of such disbursements would be to increase the amount of cash they had to hand over, in income-tax form, to the state and federal governments.

With government what it is, and income taxes what they are, it is more or less apparent that such a development would hold forth no particular allure to these wealthy holders. And so their attitude may be said to be understandable and not entirely censurable.

At the same time, it is the American principle to put the interests of the millions before those of the thousands—to take care of the weaker at the expense of the stronger when the interests of the two conflict, and not vice versa. And it would seem as though this principle should prevail in the problem at hand.

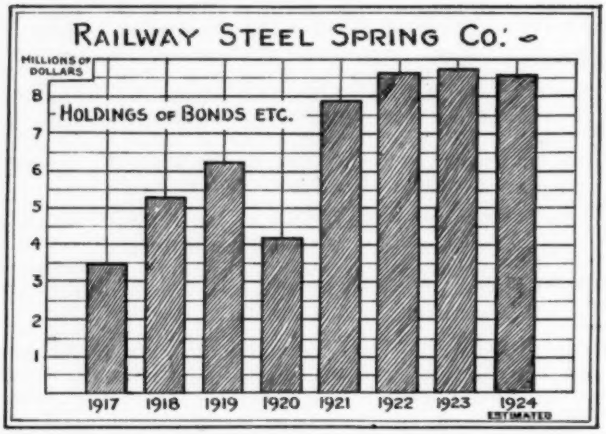
In other words, it would seem right and fitting, in the present circumstances, to urge the immediate inauguration of larger dividends where justified, regardless of whether or not such action would redound to the benefit of larger holders.

And to render the opinion more incisive, we may apply it specifically to the following corporations:

Railway Steel Spring.
American Locomotive.
National Biscuit Co.
Am. Smelting & Refining.
Union Pacific R. R.
Delaware Lackawanna & Western

—which corporations, although not by any means the *only* ones on the list able to inaugurate higher rates, or in a position to make special disbursements, certainly rank high among those of whom this could be said.

Brief outlines, showing why the above-named corporations are singled out for special mention in the present connection are offered in what follows:



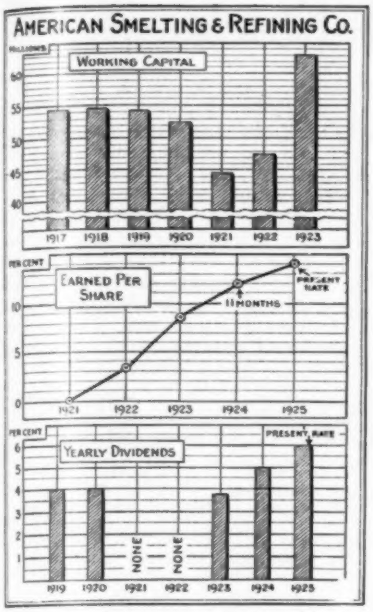
RAILWAY STEEL SPRING

Railway Steel Spring needs to provide only for moderate plant extension. Thus, the several millions of surplus it has tied up in Liberty Bonds, etc., might very reasonably, and at least in part, be distributed to stockholders

RAILWAY STEEL SPRING—Railway Steel Spring, with a plant that was admirably fitted for the emergency production of war materials, made very large profits during the war. As a result of war-profits, its yearly gross income soared from $4,000,000 to over $25,000,000 and its net income from less than $400,000 (in 1914) to over $5,000,000 (1917). Unlike many other industrial companies, however, Railway Steel Spring did not distribute its war-profits in the form of dividends, melons, etc.; quite on the contrary, it pursued an extremely conservative policy in this respect. It paid out about one-twentieth of what it earned on its common in 1916, less than one-sixth in 1917, less than a third in 1918 and less than half in each of the two succeeding years. Thus, so far as income is concerned, its stockholders may be said to have shared scarcely at all in its improved fortunes during the war.

Of course, when you juxtapose large earnings to small disbursements you cannot prevent the creation of a large surplus. This was the case with Railway Steel Spring, which added many millions of dollars to surplus account during the period referred to. The surplus was invested, largely, in government bonds which, as shown in the accompanying graph, amounted to over $8,000,000 at a recent date.

If Railway Steel Springs today stood



AMER. SMELT. & REF. CO.

The great improvement witnessed in American Smelting's position in recent years would seem to justify a more liberal dividend policy, especially considering the lean period from which the stockholders only recently emerged

in need of plant expansion to accomodate its industrial activities; or if its financial position were not sufficiently liquid to deserve the title of "sound," then it might be held that the retention of these large bondholdings would be desirable. However, only moderate plant expansion is necessary and the company really has no use for the surplus cash—or, at least, a considerable part of it.

Under the circumstances, the stockholders would not be at all too generously treated if some of these profits, held over from the war and little needed now, were distributed among them.

AMERICAN LOCOMOTIVE CO.—The cash and bond holdings of the American Locomotive Co., at the last accounting included:

Cash	$ 4,694,000
Belg. Notes	*4,287,000
U. S. Secs.	21,470,000
Can. Bonds	2,431,000
	$32,882,000

**Since matured and reinvested in U. S. Securities.*

This tabulation serves to suggest, at least, the warrant that exists for the belief that American Locomotive could and, from its stockholders' point of view, should increase its dividend rate; for the company is believed to receive enough from its investments—mostly composed of U. S. Government securities—to defray not only a large portion of its administrative expenses but also its tiny interest charges ($36,000 last year) and its preferred dividend requirements. In other words, the company's earnings from its business may very properly be classed as nearly all "velvet" which, quite conservatively, could be disbursed entirely in the form of dividend on its common stock.

On this reasoning, then, the company could well have afforded to pay out nearly all of the $9 per share which it earned in 1924, whereas its actual existing rate of payment is only $6 per share.

Such action would be justified, too, by the American Locomotive's earnings record. With the exception of the occasional lean year, it has recovered large amounts every year since the war. Also, the $25,000,000 profit and loss surplus with which it ended the year 1924 comes very close to representing a real surplus, based as it is on heavily depreciated plants, large cash holdings and negligible funded debt. Finally, there seems to be a growing belief that the company will sooner or later cash in on certain war-time services rendered foreign governments for which it has not yet been paid—in which case, claims that have been written down on its books to the proverbial $1 would produce several millions more "velvet".

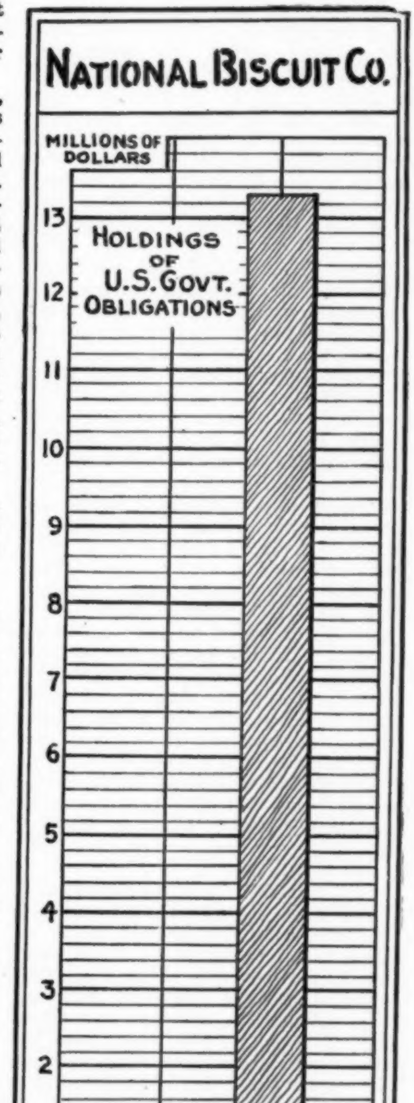
Altogether, American Locomotive, on a $6 basis, is getting only about 66% of the income to which it would seem to be entitled.

NATIONAL BISCUIT CO.—About the National Biscuit Co. comparatively little may be said, since comparatively little is permitted to be known. At first glance, its accounts might seem to indicate that the company has been paying out a generous proportion of its earnings in the form of dividends. Second or third glance, however, would probably discern the fact that National Biscuit has carried millions of dollars of government securities on its books for several years; and recognizing the extreme conservatism of this management, its extensive plant, the high peak of efficiency maintained in its plants and its strong cash position, one might be led to conclude that a few of the millions wrapped up in these bondholdings could quite justifiably be distributed among the stockholders.

National Biscuit's holdings of U. S. Government obligations, according to the files, exceeded $15,000,000 at the end of last year (1924). In 1918, the account stood at only $1,500,000.

AMERICAN SMELTING & REFINING CO.—This mammoth enterprise—one of the greatest in the world in size, efficiency and earning capacity—would seem to be in the forefront of corporations able to pay larger dividends.

As indicated in the accompanying graph, it ended 1923 in the strongest financial position in its history, in large measure attributable to the sale of its lead properties, but also attributable to the conspicuous ability of its management. Since then, its position has been further strengthened by the improvement in the metal situation and it long since re-established itself on a satisfactory earnings basis. The contrast between American Smelting today and American Smelting of a few years ago may be indicated by the fact that net current assets at the beginning of 1924 stood at 63 millions,



NATIONAL BISCUIT

While comparatively little may be known about National Biscuit's earnings, the fact that it has millions of dollars which it does not need in its business would seem to be indicated by the growth in its holdings of Government bonds

against less than 45 millions two years previous; while earnings on the common, which had been nil in 1921, amounted to 3.38% in 1922, 8.86% in 1923, 12% for the first 11 months of 1924 and are at the rate of 14% at the present time.

Further warrant for an increase in the American Smelting rate may be found in the fact that no dividends were paid on the common in either 1921 or 1922, only 3¾% in 1923, and 5% in 1924. Thus, the stockholders may be said to have something coming to them.

That the management entertains some thoughts along the same lines was indicated last year when the rate was raised to 6%. Under the circumstances, however, a substantially higher rate would seem justifiable.

UNION PACIFIC RAILROAD—Union Pacific has always been one of the best preserved roads in the country, very large amounts having been plowed back into property; in addition, it has pursued a conservative course as to dividends, has enjoyed a substantial increase in revenues and has, in recent years, showed a growing margin of earnings for its common shares.

The result has been a sizeable increase in its investment account, and strengthening of its cash position. Thus, in the last 6 years (1918-23, inc.) the road carried an average of $24,000,000 S. Bonds and Notes, and had over $38,000,000 thereof at the end of 1923; its excess of current assets over current liabilities at the end of 1923 stood at $46,000,000 against $32,000,000 at the end of 1924. Average earnings, 1920-23, inc., amounted to $13.94 per share, and earnings for last year are estimated at about $15 per share.

Everything considered, Union Pacific would seem well able to disburse in dividends considerably more than it has.

DELAWARE, LACKAWANNA & WESTERN—Delaware, Lackawanna & Western holds $60,000,000 worth of Glen Alden bonds, taken in payment for the coal property at the time of its segregation. The company is in strong financial position, and has no need of these holdings. Its earning power has been completely restored since the war, the present rate being estimated at 19% against the current dividend-rate of 12%.

The road has always been a generous dividend-payer and probably no proddings from without are necessary to continue it in that class. In this case, then, it seems reasonable to forecast special dividend action—either in the form of raising the rate or else in the form of a melon of Glen Alden bonds. Valuing the bonds on a 5% basis, they would have a market value of $48,000,000 or about $28 per share on Lackawanna stock.

U. S. STEEL CORPORATION—Last in the list of companies singled

(*Please turn to page* 880)

Preferred Stocks

PREFERRED stocks were in demand with substantial advances among the sound investment issues as well as in the middle-grade division. The lead in the high-grade section was taken by Mack Trucks and Associated Dry Goods shares. Famous Players Lasky preferred was conspicuously strong, selling above 109, up 3½. Loose Wiles Biscuit stock, which had declined a point on a couple of transactions, ran up 4 points on equally small sales. The speculative railroad shares were especially strong. Chicago, Rock Island & Pacific preferred gained 3 points. Gulf, Mobile & Northern preferred recovered almost all its previous loss in its advance to 97, and Western Pacific preferred crossed 94. Bangor & Aroostook preferred dropped 4 points on one sale, but the decline appeared due chiefly to the fact that the stock has a very thin market either way. Public utilities were steady.

Preferred stocks still possess good investment opportunities, a number of which are given below.

PREFERRED STOCK GUIDE

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

Sound Investments

INDUSTRIALS:	Div. Rate $ per share	Approx. Price	Approx. Yield	†Divid d Times Earned
Mack Trucks, Inc., 1st................(c.)...	7	109	6.4	5.5
General Motors Corp..................(c.)...	7	108	6.5	(y)5.1
Cluett-Peabody & Co..................(c.)...	7	108	6.5	3.5
Loose-Wiles Biscuit Co. 1st...........(c.)...	7	108	6.5	2.5
Studebaker Corporation ....(c.)...	7	114	6.1	20.0
Schulte Retail Stores Corp.............(c.)...	8	114	7.1	(w)10.0
Gimbel Brothers, Inc..................(c.)...	7	103	6.8	3.3
Baldwin Locomotive Works............(c.)...	7	114	6.1	3.2
Endicott-Johnson Corp. ....(c.)...	7	115	6.0	4.5
American Smelting & Ref. Co..........(c.)...	7	110	6.4	1.7
American Steel Foundries.............(c.)...	7	110	6.4	6.7
U. S. Industrial Alcohol Co............(c.)...	7	105	6.6	5.2
Associated Dry Goods Co. 1st..........(c.)...	6	99½	6.0	4.0
PUBLIC UTILITIES:				
North American Co....................(c.)...	3	48	6.2	(w)6.9
Philadelphia Company..................(c.)...	3	46	6.5	5.6
RAILROADS:				
Chicago & Northwestern...............(c.)...	7	115	6.0	...
New York, Chicago & St. Louis.......(c.)...	6	91½	6.5	(y)3.7
Chesapeake & Ohio conv...............(c.)...	6.50	108	6.0	9.0

Middle-Grade Investments

INDUSTRIALS:	Div. Rate $ per share	Approx. Price	Approx. Yield	†Divid d Times Earned
Bush Terminal Buildings Co...........(c.)...	7	98	7.1	1.1
Coca-Cola Co. ....(c.)...	7	99	7.1	6.2
Brown Shoe Co........................(c.)...	7	100	7.0	3.9
Cuban-American Sugar Co.............(c.)...	7	100	7.0	7.5
California Petroleum partic. pfd........(c.)...	7	106¾	6.5	1.3
American Ice Company...............(n.c.)...	6	78	7.7	2.0
Armour & Co. of Del...................(c.)...	7	93¾	7.4	(w)2.3
Allis-Chalmers Mfg. Co................(c.)...	7	104¾	6.7	2.8
Genl. American Tank Car Co..........(c.)...	7	98	7.2	4.0
Natl. Cloak & Suit Co............. ..(c.)...	7	103	6.8	4.5
PUBLIC UTILITIES:				
Radio Corp. of America A pfd........(c.)...	3.50	52	6.7	(w)3.5
Amer. W. Wks. & Elec. Corp. 1st.....(c.)...	7	103	6.8	2.8
Metropolitan Edison ....(c.)...	7	100	7.0	(w)2.3
Public Service of N. J.................(c.)...	8	112	7.0	3.4
RAILROADS:				
Baltimore & Ohio... ....(n.c.)...	4	65	6.1	(y)4.75
Bangor & Aroostook...................(c.)...	7	90	7.7	2.5
Colorado & Southern 1st pfd.........(n.c.)...	4	64	6.2	7.5

Semi-Speculative Investments

INDUSTRIALS:	Div. Rate $ per share	Approx. Price	Approx. Yield	†Divid d Times Earned
Famous Players-Lasky Corp............(c.)...	8	109	7.3	(y)6.5
Pure Oil Co. conv. pfd.................(c.)...	8	105	7.6	4.2
American Beet Sugar Co.............(n.c.)...	6	83	7.2	1.5
National Department Stores...........(c.)...	7	100	7.0	4.0
Fisher Body Corp. of Ohio............(c.)...	8	106	7.5	...
Austin, Nichols & Co..........................	7	91	7.7	1.8
Worthington Pump & Mfg. "A".......(c.)...	7	86	8.1	2.0
Orpheum Circuit ....(c.)...	8	100	8.0	(w)3.2
International Paper Co.................(c)...	6	75½	8.0	1.75
PUBLIC UTILITIES:				
Amer. Water Wks. & Elec. 2d pfd...(n.c.)...	6	101½	5.9	2.8

Speculative Investments

RAILROADS:	Div. Rate $ per share	Approx. Price	Approx. Yield	†Divid d Times Earned
Chicago, Rock Island & Pac.......(5-7%)...	7	98	7.2	(x)1.35
Gulf, Mobile & Northern...............(c.)...	6	97	6.2	(x)1.3
Western Pacific........................(c.)...	6	93	6.4	(x)1.00

(c) Cumulative. (n.c.) Non-Cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
(z) Stock was issued this year.

* Based on average earnings during past six years.
† Average number times earned last five years.

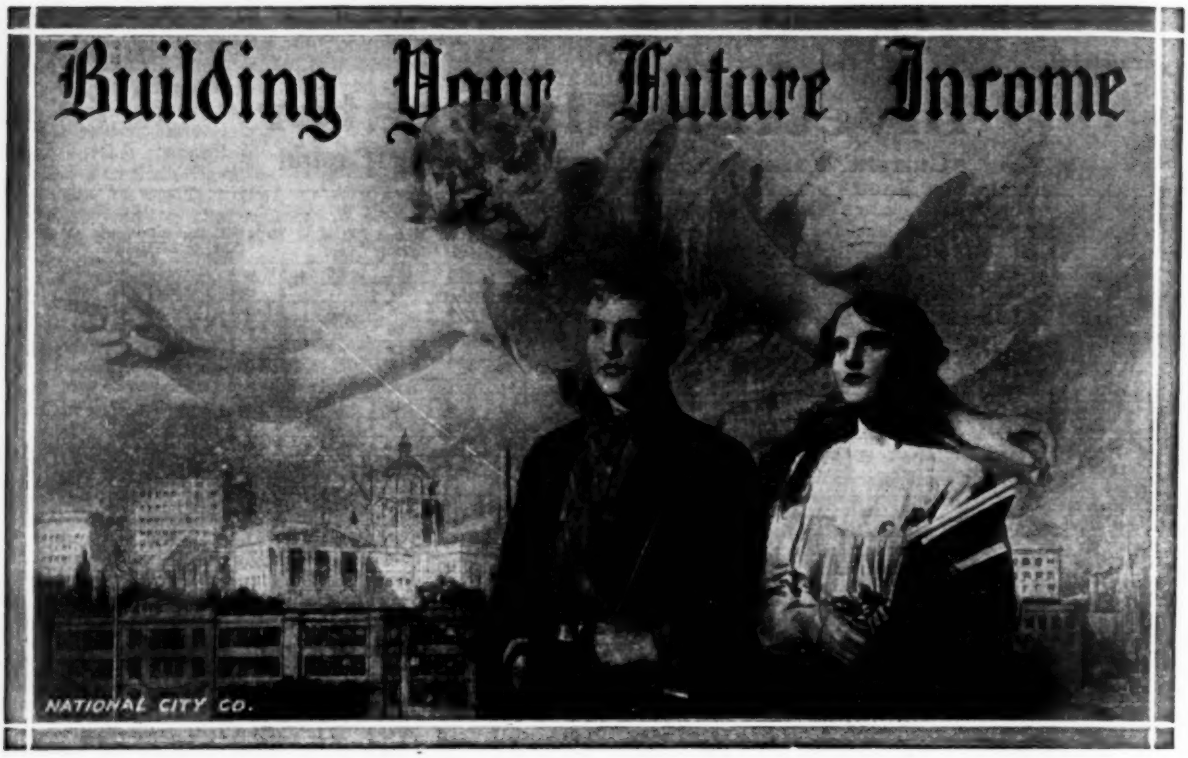
Industrial *Oil* *Mining*

Investors' Indicator

Current Earnings—Dividends—Working Capital

Industrials—	Dollars Earned Per Share 1922	1923	1924 1st 6 M'ths	1924 12 M'ths	†Present Div. Rate ($)	Recent Price	Yield (%)	Ratio of Current Assets to Current Liabilities
Air Reduction	5.28	12.31	5.82	8.56	b4	108	3.6	6½ to 1 December 31, 1924
Ajax Rubber	0.06	def.	0.33	1.50	..	12	..	5 to 1 December 31, 1923
Allis-Chalmers	4.11	6.00	3.91	8.01	4	76	5.2	6 to 1 December 31, 1923
Amer. Bosch	0.27	0.97	1.84	...	..	40	..	2¼ to 1 September 30, 1924
Amer. La France Fire Engine	1.90	1.75	0.90	1.71	1	12	8.3	5 to 1 September 30, 1924
Amer. Druggists' Syndicate	0 63	0.27	0.12	0.25	..	7	..	Net Current Assets $3,390,000
Amer. Hide & Leather Pfd.	4.20	def.	1.89	4.28	..	72	..	3⅓ to 1 December 31, 1924
Amer. Locomotive	l	21.25	4.01	9.80	t8	143	5.5	10½ to 1 December 31, 1924
Amer. Steel Foundries	4.30	9.70	2.81	5.75	u3	54	5.5	6 to 1 December 31, 1924
Bethlehem Steel	1.14	5.57	2.02	2.56	..	48	..	5¼ to 1 September 30, 1924
Butterick	3.42	3.90	2.94	...	..	21	..	2 to 1 June 30, 1924
Central Leather	q	def.	def.	def.	..	19	..	19½ to 1 December 31, 1924
Chandler Motor	6.09	7.34	3.04	4.81	3	34	8.8	8¼ to 1 December 31, 1924
Cluett, Peabody	12.01	14.15	4.10	6.94	5	65	7.6	15¼ to 1 December 31, 1924
Coca Cola	11.14	7.65	5.62	10.00	7	92	7.6	4¼ to 1 December 31, 1924
Colo. Fuel & Iron	def.	1.67	1.38	...	..	45	..	3½ to 1 December 31, 1923
Corn Products	k4.35	k4.39	k1.82	k3.50	2	40	5.0	9 to 1 December 31, 1923
du Pont de Nemours	k5.62	13.93	5.84	12.45	10	150	6.6	11¾ to 1 December 31, 1924
Endicott-Johnson	13.77	7.95	3.13	8.04	5	69	7.2	3 to 1 December 31, 1924
Famous Players	14.72	14.98	4.32	20.00	8	103	7.7	2¾ to 1 December 31, 1923
General Motors	k8.76	k10.64	k4.60	...	6	74	8.1	4 to 1 September 30, 1924
Goodrich	0.73	0.80	2.51	10.57	..	46	..	4 to 1 June 30, 1924
Gulf States Steel	7.26	12.78	4.21	7.48	c5	91	5.4	8¾ to 1 December 31, 1924
Hayes Wheel	6.50	6.66	2.11	...	3	36	8.3	4 to 1 June 30, 1924
Hudson Motors	m6.03	m6.66	3.03	m6.11	3	42	7.1	2⅓ to 1 November 30, 1924
Lee Rubber & Tire	2.47	def.	def.	def.	..	13	..	2 to 1 December 31, 1923
Mack Truck	9.94	20.71	10.18	17.95	6	140	4.2	9⅓ to 1 December 31, 1924
Otis Elevator	k7.64	k9.11	k4.64	...	4	94	4.2	6½ to 1 December 31, 1923
Owens Bottle	4.41	4.47	2.61	...	3	47	6.3	8 to 1 December 31, 1923
Pierce Arrow Pfd.	0.10	2.78	1.53	6.25	..	50	..	3½ to 1 December 31, 1924
Remington Type	2.77	8.39	3.80	...	..	63	..	7 to 1 December 31, 1924
Republic Iron & Steel	j	15.00	3.11	0.55	..	55	..	5¼ to 1 December 31, 1924
Sloss-Sheffield	1.09	20.22	...	9.00	6	91	6.5	5 to 1 December 31, 1923
Spicer Manufacturing	0.88	2.66	1.57	8.00	..	19	..	2½ to 1 December 31, 1923
Stewart-Warner	11.23	14.16	4.23	7.37	5	72	6.9	6⅔ to 1 December 31, 1924
Stromberg Carburetor	8.05	11.62	4.94	7.20	6	71	8.4	8½ to 1 June 30, 1924
Studebaker	k9.30	k9.22	k3.88	k7.03	4	46	8.7	3 to 1 December 31, 1924
Timken Roller Bearing	6.43	6.74	2.53	...	h3	42	7.1	7 to 1 December 31, 1923
United Drug	5.80	8.46	4.12	10.93	6	117	5.1	6½ to 1 December 31, 1924
U. S. Rubber	2.68	2.28	2.04	4.70	..	42	..	2⅓ to 1 June 30, 1924
U. S. Steel	9.85	16.43	8.47	11.76	d7	124	5.6	4⅓ to 1 December 31, 1923
Vanadium	0.79	1.84	1.15	1.96	..	30	..	Net current assets $5,823,000
Willys-Overland	def.	5.32	0.88	...	..	11	..	7 to 1 December 31, 1924
Youngstown Sheet & Tube	...	14.93	5.18	6.68	4	75	5.3	5 to 1 December 31, 1923
Oils—								
California Petroleum	‡k4.18	‡k5.09	‡1.91	...	1.75	30	5.8	2¾ to 1 December 31, 1923
Cosden & Co.	‡4.25	def.	*3.70	...	..	35	..	1¼ to 1 June 30, 1924.
Houston Oil	‡2.75	‡3.96	‡5.30	‡8.93	..	82	..	4 to 1 December 31, 1923
Marland Oil	‡4.44	‡1.52	‡2.36	...	..	44	..	2 to 1 September 30, 1924
Pacific Oil	‡3.37	‡2.55	‡1.66	...	2	63	3.1	2 to 1 December 31, 1923
Pan-American B	‡11.75	‡8.09	...	...	6	83	7.2	2 to 1 June 30, 1924
Phillipps Petroleum	‡7.80	‡3.92	‡4.13	...	2	44	4.5	1½ to 1 December 31, 1923
Pure Oil	s	s	...	...	1.50	32	4.6	4 to 1 Mar. 31, 1924
Sinclair Consolidated	‡3.24	def.	*1.66	...	..	22	..	3¾ to 1 August 31, 1924
Mining—								
Amer. Smelting	‡3.28	8.84	6.46	12.60	6	100	6.0	4⅓ to 1 December 31, 1924
Amer. Zinc Pfd.	0.22	‡def.	*0.73	...	..	32	..	3¾ to 1 December 31, 1924
International Nickel	p	p	...	p	..	27	..	12⅓ to 1 December 31, 1924
Nevada Consolidated	def.	1.05	0.38	0.83	..	15	..	8 to 1 December 31, 1923
Ray Consolidated	def.	0.65	*0.20	*0.79	..	16	..	6 to 1 December 31, 1923
Utah Copper	1.03	7.09	2.75	5.59	4	89	4.4	5 to 1 December 31, 1923

* Before depreciation and depletion.
† Dividend rate covers regular dividends on yearly basis.
‡ After deducting depletion and depreciation.
b Extra dividend of $1 declared paid October 15.
c Stock dividend of 11½% declared payable on March 13 to stock of record March 2.
d Including extra dividends of 50 cents quarterly.
h 25c extra declared payable March 5, 1925, to stock of record February 17, 1925.
u Stockholders meet April 22 to approve exchange of 5 shares of new no par value stock for 4 shares of the old. This is equivalent to a 25% stock dividend.
j Earned $1.67 on preferred in 1922.
k On present outstanding stock.
l Earned $4.40 on preferred.
m Years ended November 30.
p For 9 months ended December 31, 1924, earned 73c a share compared with 40c a share for year ended March 31, 1924.
q Earned $4.58 a share on preferred.
s Year ended March 31, 1924, earned $3.21 a share, compared with $1.37 a share previous years.
t Declared $10 extra payable quarterly during year 1925.



"Many a Mickle—"

IF you spend 70 cents a day on cigars and cigarettes, that is the equivalent of $255 a year. This sum, invested at the end of each year at 6% compound interest, would swell to about $9,000 at the end of 20 years. And $9,000 would, on present day costs, anyway, buy a pretty nice home of your own. Therefore, when you light your daily smoke, you are touching a match to your house."

The above was suggested to B Y F I a while ago as a "thought to build an editorial around."

The conveyer of this suggestion, by the way, is not a member of the anti-tobacco league, or any of the other blue law aggregations; in fact, he gets quite a little satisfaction out of a good smoke, himself.

The suggestion merely appealed to him as a good illustration of the power of little things in a man's career—particularly, of the enormous power of small savings in a man's financial life.

Plenty of other illustrations—though none quite so graphic, perhaps—could be cited along the same lines.

Thus, would you like to have a thousand dollars in ready cash to do with as you chose a year from now? All right: All you need do is put aside $20 a week for the next 52 weeks.

Would you, at your present age (say) of 25 like to be worth $25,000 cash by your fiftieth birthday? Well and good: Merely see to it that the equivalent of not less than $14 a week is invested in your name each year, at 6%, in the intervening period.

It is noteworthy that all such examples as these bring out the power of small savings when such savings are bulwarked by regularity and a sufficient period of time.

In other words, if you have time enough, and keep regular enough, you can reach any financial height, regardless of how small your saving power may be.

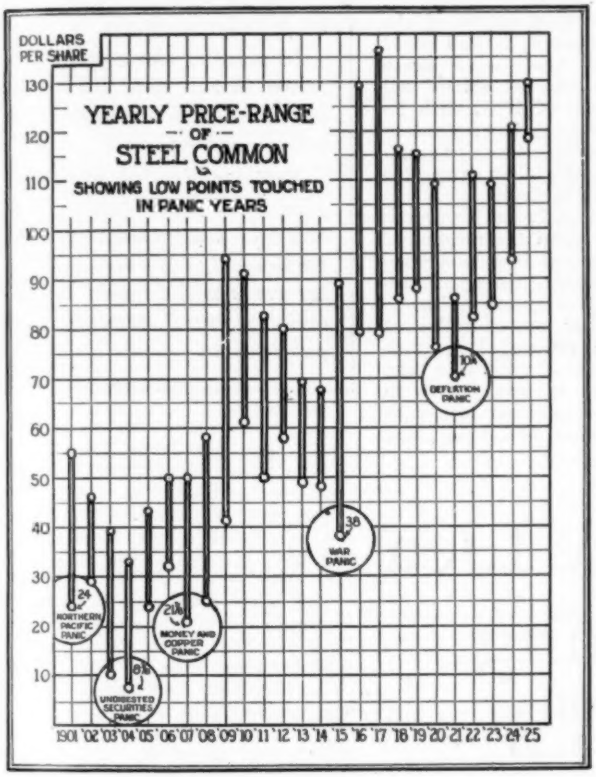
This suggests a thought: The smaller your earning power and saving power happen to be, the longer a time you will need in which to get worth-while results. *And the longer a time you are likely to need, the sooner you had better get started.*

Which is a pretty good place for us to end and you to begin.

The Panic Buyer

What He Is—Why He Is—How He Makes His Profits

By JAMES W. MAXWELL



"*THE man who isn't a bull on America will go broke!*"

Sentiments to this effect were first enunciated by the late J. P. Morgan.

They have been echoed many times since.

And, so far at least, history has proven them to be pretty well founded.

Applying J. P. Morgan's Theory

Some people have applied J. P. Morgan's theory to their investments and reaped sizable fortunes as a result.

They have either held their investments (when they were good ones!) through thick and thin and seen them gradually but steadily enhance in value—

Or they have waited for periods of stress in which to buy—sold in periods of prosperity—then waited for the next stress period and bought again.

It is the latter type of investor we are interested in for the moment—

The investor sometimes known as the "Panic Buyer."

This "Panic Buyer" has the advantage of being both Investor and Speculator at one and the same time.

He is an investor in that he confines his buying to high-grade securities purchased outright. (You generally have to buy on an *outright* basis, or nearly so, in panic times.) He is a speculator in that he buys "for the rise" as much as for the income.

As we say, he does not jump in and out of the market with every passing turn.

On the contrary, he refrains from touching the market until or unless some economic upheaval, adversely affecting all securities, comes along.

Until the upheaval comes, he devotes his energies to amassing capital in his own line of business;

But when it does come, he jumps in "with both feet" and buys all he can carry.

The Panic Buyer's Profits

The profits the Panic Buyer makes depend, of course, on the judgment he exercises in selecting his "bargain point." Also on the securities he selects. Also on the patience he possesses.

But, interestingly enough, he does not need to wait a lifetime before functioning.

As a matter of fact, opportunities to his liking come along quite frequently in a generation of time.

Thus, examine the accompanying graph on U. S. Steel. This graph shows the high and low prices touched by this security every year since issuance.

We find that, in the 22 years since 1903, there have been four Panic Buying opportunities. These have included:

The *Undigested Securities Panic*, culminating in the low prices touched in 1904. I believe it was in this panic that Roosevelt bought Steel around $8 per share, later to say, in connection with an inquiry into his holdings of Steel stock, "When I bought Steel at $8 per share, I wasn't speculating. I was backing a sure thing";

The *Money and Copper Panic of* 1907, directly resulting from the collapse that occurred in the copper industry, when the price of the red metal dropped from 26c to 12c a pound in less than half a year. It was in this panic that the old Knickerbocker Trust closed its doors—that rates on call money soared to 125%—that Steel common sank below $22 per share;

The *War Panic of* 1914, when the doors of the stock exchange itself were closed, following upon some pretty big smashes not only in the financial field but also in the field of merchandising. As an outgrowth of this panic, Steel common sold as low as 38, in contrast with a previous high (1912) of above 80.

The *Deflation Panic of* 1921, when all securities were thrown overboard in the mad rush to retrench. In this panic, Steel's decline ran from its war-time high of 136⅝ to as low as 70¼.

(It will be noted that, in the above analysis, one of the "panic years" marked on the graph is not included. We refer to the Northern Pacific Panic of 1901. This panic is not included because the 1901 panic was, primarily, a stock-market panic, brought about by what might be called artificial means—notably, the battle for control of the Union Pacific Railroad between Harriman-Kuhn-Loeb interests on one side and Morgan-Hill interests on the other. Thus, it was not a far-flung economic upheaval—although it had many of the same effects. Instead, it was a tempest on the stock exchange. The real panic of the period of 1900-1904 reached its height in the latter year (1904) when *fundamental condi-*

tions broke under the strain; and it was the outbreak of that panic which would have been the signal for the Panic Buyer to trot down to Wall Street.)

Picking the "Bargain Point"

As said above, much of the Panic Buyer's success will depend upon the judgment he exercises in selecting his "bargain point"—

Nor is there any formula which will insure him against error in his efforts to pick this point—

All he can do is to study previous panics, note the signs, and generally equip himself to recognize a panic when it comes along.

Incidentally, the ideal Panic Buyer enjoys one very large advantage over his fellow men: He does not buy until the great majority of his fellows have ceased being able to buy, and all want to sell. Under such conditions, of course, securities are bound to be offered at absurdly low levels; and so, provided he exercises only reasonable discretion in selecting particular issues, our Panic Buyer almost cannot go wrong—

Cannot go wrong, that is, unless the whole country is to go completely to the dogs. In which case, the Panic Buyer and all the rest of us might as well throw all our money away anyhow.

Two Pertinent Thoughts

Two closing thoughts:

(1) With the inauguration of the Federal Reserve System, it was hoped that panics would never occur again in the United States. Unless we call the Deflation Panic of 1921, with its trail of bank failures, farm prostration, industrial tribulations, financial failures, etc., by some other name, this hope has not been realized.

(2) The profits a Panic Buyer can make will depend upon the amount of money at his disposal in a panic period. In other words, the opportunities which Panic Buying offers, like so many of the other opportunities of modern life, are confined largely to that selected circle of wise men who save their money in good times in order that they may have money to fall back upon when bad times take their place.

HAVE YOU STUDIED THE CO-OPERATIVE PLAN?

In this article, Jason Thomas discusses the co-operative apartment plan in its broader aspects.

In view of the growing interest in the plan, BYFI invites similar discussions from other readers.

Articles dealing with the plan from the practical, dollars-and-cents view would be particularly welcome. Regular rates will be paid for all articles found available for publication.

The Co-Operative Idea in Home-Owning

Some of the Factors Which Have Popularized This Plan in Recent Years

By JASON THOMAS

THE announcement that a retiring officer of the government has purchased an apartment home on the co-operative plan calls attention to the popularity which the co-operative plan is attaining.

Nor is that popularity difficult to explain, if you consider all the facts.

It offers one of the two effective solutions of the present-day home-owning problem.

Before the Price Jump

Before the population-and-price jump of recent years, the American family could find what it wanted in the way of a home at about what it could pay in almost any neighborhood.

And, because (1) costs had not yet begun to soar, (2) domestic help was plentiful, (3) the "emancipation proclamation" of the housewives hadn't yet been signed and (4) social life still centered *within* the home, the bigger the house the greater the satisfaction.

Since the price jump, things have been different. Costs have soared, domestic help has become scarce, American women have been inclined to throw off the yoke of domestic servitude and the social center has moved from within the home.

Big Houses No Longer Appeal

Under the circumstances, the big houses that were so popular before no longer appeal.

In their place, people have sought small, compact homes, large enough for their needs, but not too large either for their pocketbooks or the nervous and physical energies of the housewife.

The co-operative apartment plan has appealed to great numbers of these home-seekers for several reasons. For one thing, there is frequently a scarcity of small individual homes in the locality in which a given family desires to locate; or else the cost of ground in the desired locality may have become far too high to warrant erecting a small home upon it.

This latter point is of interest. The average ratio of Home Cost to Ground Cost for the typical small home is probably about 5 to 1. That is to say, on an $800 plot, the house to be erected will probaby cost about $4,000; on a $1,000 plot, the house will cost about $5,000; and so on up. If home seekers insisted upon erecting small homes on typical metropolitan (and not a little suburban) property of today, that ratio would be sadly damaged. They'd find themselves erecting $5,000 homes on plots worth far larger sums. The co-operative apartment plan, under which many "floors" cover a given plot, supplies the solution to this problem.

For another thing, the co-operative apartment plan relieves householder and housewife of many of the drudgeries incident to individual home ownership—whether of large homes or small. There may be a few people left who like to attend to furnaces, shovel snow and cut lawns; but most of us have other and more compelling interests in life. Likewise, there may be a few housewives left who prefer stairs, no matter how often they have to be climbed, a lot of waste room which has to be kept clean just the same as though it were in use, and so on; but most housewives of today seem

(Please turn to page 870)

Solving Everyday Insurance Problems

Some Typical Inquiries from a Day's Mail and How They Were Answered

By Florence Provost Clarendon

FOR A MAN OF FIFTY-TWO

What Form Would Be Best That Would Provide for Disability?

Noting your articles in the magazine, I have been led to inquire what form of insurance a man of my age should select for protection against disability and will thank you for any suggestions that will help me.

In 1908, being 35, I took out a $2,000 Endowment, 20-year policy, in the New York Life. Same will be due in 1928, but I feel now is the time to secure protection when I'm in good health. Am married but have no dependents except my wife.

What is the best insurance for a person of my age, giving Disability Protection, too?—A. M., New York City.

You will remember that life insurance provides protection for a beneficiary (in this case your wife) under which proceeds are immediately payable in event of the death of the insured. Frequently such proceeds are payable within 24 hours after receipt and approval of claim papers. Few assets are of so fluid a character, and I therefore think that you should without doubt increase your present protection. Medical, nursing and other incidental expenses are apt to prove so large these days that the $2,000 policy you are now carrying might very possibly be completely absorbed in meeting such bills in case of your unexpected passing.

You have doubtless built up something of an estate through other channels—savings bank deposits, investments, etc. I would recommend that you add to this by taking additional life insurance in the sum of, say, $10,000—preferably on the 20-Payment Life plan. On this basis, all premiums would be paid in your 72nd year. The premium for the 20-Payment Life policy at your age is about $5.50 in excess of that required on the Ordinary Life plan—but there is the great advantage of relief from premium payments in event of your living to a ripe old age. On the non-participating plan, the 20-Payment Policy, at age 52, calls for a premium of approximately $46.80 per $1,000 (i. e., $468 for a $10,000 policy). The participating premium would be about $51.80, reducible by annual dividends. The cost to the insured works out about the same in the final analysis.

The Disability Benefit, furnishing waiver of premiums and a monthly income of 1% of the face amount of the policy ($100 a month in the case of $10,000 life insurance) is not operative after age 60 (or 65 in some companies). The additional premium in the case of a 20-Payment Life Policy taken at age 52 would be about $3.80 per $1,000.

If the necessity for protection is not active in later years, you could take the cash surrender value of your $10,000 policy in, say, the 15th or 20th year, and apply it towards the purchase of an annuity. The cash value of this 20-Payment policy (non-par.) in the 15th year would be $5,270; in the 20th year, $7,690. Based on prevailing figures, you could get an annuity return of 12½% on the purchase price in your 67th year, and a return of over 15% if the annuity were purchased in your 72nd year.

TO PROTECT A COLLEGE EXPENSE LOAN

What Kind of Policy Would Serve This Purpose Best?

Ever since the Insurance Department was inaugurated as a division of the magazine I have read what it had to say in nearly every issue.

I have now come to a point where I need some assistance.

I have a son who has started in at one of the Eastern schools of higher education.

Part of the funds for his expenses are being borrowed. . .

It seems to me that to protect the loan in the best way available, the young man should take out life insurance.

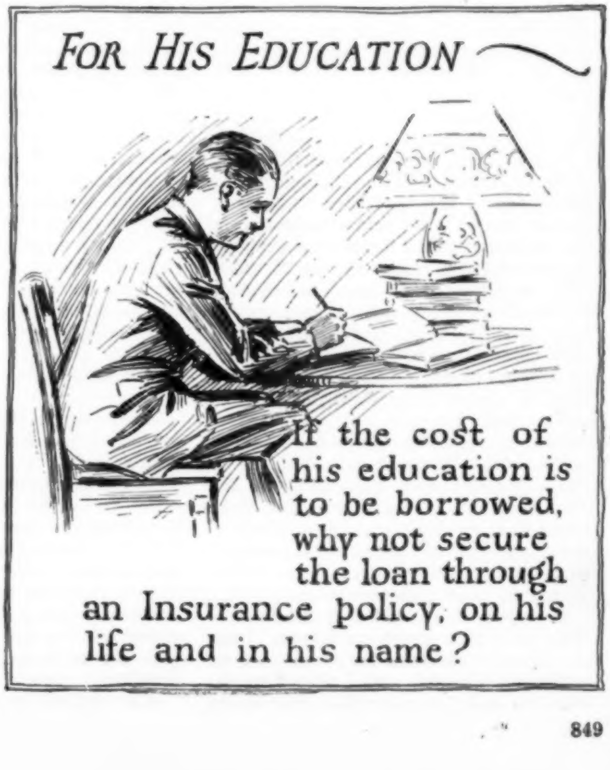
Which is the best form, under the circumstances, considering cheapness for the first five or six years and arrangements on some better basis after that?—R. C., Akron, Ohio.

Your are quite right in supposing that some life insurance on your son's life would be a good way to protect the loan for payment of his educational expenses. This is not only a businesslike manner of treating the obligation but it gives the sense of his economic value to the boy and shows him the necessity of paying off this debt personally when he later on becomes self-supporting.

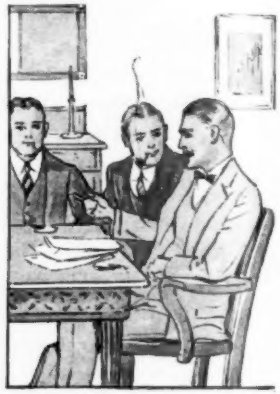
The cheapest form of protection is on the Term plan, and a policy for $5,000 on the 10-Year Convertible Term form, at age 20, would cost approximately $40 per annum—that is, $8.15 per $1,000.

I would strongly recommend, however, that you consider applying for

(Please turn to page 877)



The Investment Club Plan—Does it Work?



How It Is Working Out for a Group of Young Business Men

By TOM M. BROWN

THE occasional articles published by BYFI on the subject of Investment Clubs have regularly aroused great interest and evoked no little comment.

Here is an article along these lines which should be particularly well received. It shows how one Investment Club has fared in actual operation.

BYFI would be glad to receive similar accounts from other Investment Associations now operating.

THE subject which I am undertaking is, in a general way, familiar to the readers of THE MAGAZINE OF WALL STREET from which I first received the idea of forming a group of friends for the purpose of systematically pooling a part of our surplus funds to be invested in securities bearing an attractive income as well as a possibility of appreciation of principal.

Idea Readily Grasped

After studying the details and success of the proposed plan wherever the information was available in connection with similar projects, I approached several young professional men who grasped the idea readily.

I could see, however, that it was their intention to leave the matter of the choice of the securities to be purchased to me who, being employed in the investment and trust departments of a local Trust C mpany, would naturally be expected to be a little better qualified to make such selections. I fully realized that, if the association was to deal successfully in the specinvestment class of securities, it would have to provide itself with as wide and as well equipped sources of information as possible. It also occurred to me that professional men, as a class, are not over successful in the investment of surplus funds, this fact being due, no doubt, in large part, to the necessity of spending a greater time in their own work than is required in most other callings.

It was evident that I would be unable to obtain much assistance from the association with the personnel as originally planned and I therefore decided to look for associates who would have more time and possibly more ability in that particular line.

The idea of picking the entire group from my own institution did not appeal to me because, in that case, we would all have had practically the same sources of information and the same equipment with which to work. After further consideration, the ideal group seemed to me to be that of individuals chosen from various businesses, thereby enabling us to avail ourselves of as many different facilities as possible. In deciding upon younger men, I incidentally did a little "missionary" work as, with few exceptions, none of the ultimate members of our organization had, at that time, decided upon a definite, much less systematic, program of saving.

Our Membership Personnel

Inasmuch as the association was to consist of ten members, it then became necessary for me to enlist nine men in the undertaking. The ease with which this was accomplished is evident from the fact that nine men from the first eleven approached expressed their desires to be included in the association if it was organized. Our membership, when we had organized, consisted of the following more or less representative individuals in the community:

An employe in and the son of the owner of a large retail shoe concern—

An employe in, and the son of the proprietor of a department store—

The manager of the New Business Department of the local electric light and traction company—

The cashier in the local office of a large railway company—

A member of the credit and collections department of a local concern doing business in all parts of the United States and Canada—

Two men employed in different capacities in the local office of a large flour milling concern operating nationally—

The manager of the new business department of a local banking institution—

The secretary and treasurer of a Trust Company—

Myself, a member of the Investment and Trust Departments of a Trust Company, as previously stated.

These members, being engaged in a variety of the more important branches of the business world would theoretically, and did actually, look upon all questions which arose from almost as many different angles as there were members. A search for facilities revealed the fact that we had for reference in the various offices practically every well-known investment and commercial service on the market. In addition, we could make free use of the credit organizations of any of the concerns mentioned. One of the most important advantages which we had, however, was a connection, either direct or indirect, with several of the basic commodity markets. We have found this latter feature to be of great assistance to us in determining the trend of the stock and bond markets.

Limitation of the length of this article prevents the explanation in detail of the organization of and the rules governing our association. I shall, therefore, attempt to call attention to the facts in that connection of an essential nature. We are operating under the guidance of "Articles of Association" which outline in a general way the purposes and methods of the association. We have not, however, attempted to make the Articles "water-tight," as it were, because we realize that the success of the project depends largely upon a spirit of fairness to each other and a willingness to cooperate in everything held by a majority to be for the best interests of the "Club." We are now well into our second year and the above rules have been observed to such a degree that no reference to our Articles of Association has been necessary.

The Articles set forth the purpose of the association as the accumulation of funds to be invested in stocks and bonds listed upon the New York Stock Exchange. Each member pays into the Treasury upon the first business day of each month the sum of ten dollars to be used for that purpose. The sum of ten dollars per month sounds, perhaps, insignificant, and that was our intention so that, should our operations prove consistently unsuccessful, none of us would be at all embarrassed by the total or partial loss of the funds involved. The policies and actions of the association are decided upon in meetings of the entire group in which six members constitute a quorum and a majority vote of a quorum rules. In the case of a tie vote, the Manager casts the deciding vote.

The Duties of the "Manager"

The Manager of our organization is elected to serve, without compensation, for an indefinite term. In fact, no provision has been made for the change of managers, but it evidently would be accomplished by the resignation of the old Manager and the election of a new one or by the proper carrying of a motion to the effect that a new Manager be elected. The Manager handles the funds and securities of the association, receives dues and the proceeds of the sale of securities, making disposition of the same as directed by the group. With proper authority from the "Club," he can borrow money from a bank, but it is expressly provided in the Articles that the borrowing at all times shall be limited to fifty per cent of the market value of the securities available as collateral. This was adopted for the purpose of preventing us from becoming over-extended and, in the event of an error in judgment, from becoming embarrassed due to the shrinkage of the value of our collateral. It might be added at this point that the measure has already proved its worth.

Each member holds a Certificate representing his proportionate share in the assets and liabilities of the association. The certificates can be transferred only to the Association which may then re-issue them. This precludes the transfer of the certificates to one who might prove incompatible for any reason. Provision is also made for any member who desires, for any account, to withdraw from membership. He shall be paid the book value of his certificate as of the close of business of the day upon which he withdraws, less one per cent of this value. If the Association does not hold in its Treasury sufficient funds to make such payment in cash, it shall not be obliged to liquidate any of its assets to do so, but it may issue instead, and the member agrees to accept, a non-interest bearing note to be paid as soon as practicable by the Association. A member or members, under certain circumstances, may be obliged, by a majority vote of the balance of the membership to surrender and accept payment for his or their certificates of participation under the terms stated above. For example, the delinquency of a member for the period of thirty days upon a monthly payment would create an occasion enabling the association to take steps toward expulsion, if it saw fit.

Order of Meetings

So much for the rules and regulations of our organization. The remainder of my article will be devoted to the practical workings of our group wherein I shall endeavor to bring out in a very general manner some of the advantages which we have found and some of the obstacles and difficulties which we have encountered. To begin with, our work was new to the majority of the members and we therefore met once each week. At each meeting in addition to our statistical work, I, as Manager, planned to take up some phase of the investment or speculative field in order that all might be more or less familiar with our future operations. A part of each meeting then became, in reality, an informal discussion or lecture. In these, I also brought out the advantages to be derived, as I saw it, from our pooling of resources, abilities, facilities and connections, thereby enabling us to work on a larger scale throughout, than we could as individuals and at the same time have no more involved individually. In this connection there was seen to be a distinct advantage in being able in our operations to deal in larger lots and larger denominations from the standpoint of brokerage as well as execution of orders.

From the beginning, each member was assigned to watch one particular stock or bond more closely than the general market, to keep chart of its fluctuations and to report all news concerning it at meetings. In this way the individuals felt a responsibility which acted as an incentive to work and to attend meetings regularly. At the same time, the "Club,"

(*Please turn to next page*)

Dilemma

(*Or, Awful Effects of Reading Too Many Financial Authorities*)

Refineries and oil wells,
Beaver boards and rails,
My mind is full of figures,
Of purchases and sales.

Buy it for the long pull!
Sell it for the short!
Armour's left the packing game—
Smelting lost at court!

Steel may pay more dividends—
The Wortham pool is dry—
Transactions reached four million shares—
The public will not buy.

The market's turning very weak—
The market's turning strong—
Everybody's going short—
Most everybody's long.

First National's a good buy—
Victor's gone to sleep,
First National is much too high
And Victor stock is cheap!

(*Refineries and oil wells,*
Beaver boards and rails,
My mind is full of figures,
Of purchases and sales)—

Oh, who will buy the bonds, now?
And who will sell the stocks?
The sellers all will lose their shirts,
The market's on the rocks.

Durant has staged a come-back,
He hasn't made a cent—
The farmers all are waxing rich,
They cannot pay their rent—

Wheat has hit its high mark—
It's just begun to climb—
Buy corn and rye for eighty points—
Neither's worth a dime!

Oh, the death tax, the life tax,
The birth tax, the marriage tax
(*The market's turning very weak,*
The market's turning strong)
What shall I do with all my funds?
Shall I go short—or long?
(*Most everybody's going short*
And everybody's long!)

as a whole, was gathering a considerable amount of information concerning general conditions as well as those more particularly of the companies under observation.

Our meetings commenced in the fall and continued each week during the winter, through all of which time, attendance was quite regular with one exception, it being understood from the time of organization that one of our members would be unable to take as active a part as the rest of us. As the weather became more favorable for out-door events and as there was not much prospect of our being able to buy or sell for several months, the attendance at meetings fell off considerably. We adopted several measures to combat this but our efforts met with little success. One of the measures was a system of fines but this met with pronounced opposition in some quarters and therefore, after a few meetings, it was dropped as unsatisfactory and ineffective. We finally decided to meet once a month during the summer season and this resulted in a full attendance at the meetings which we did hold. Now, as the cold weather comes on, and as each member finds that he has more money invested in the enterprise, the interest and the desire to work is showing a growth. In view of the fact that the immediate need for elementary instruction is past, because of the informal school which was conducted weekly for almost nine months, we have decided to meet every other week this winter instead of every week as last winter.

How Commitments Have Panned Out

In our actual commitments, as judged by cold figures, we have been decidedly unsuccessful due to one purchase which shows a staggering paper loss and has prospects of doing so for an indefinite period. It has, however, taught us, early in our career, the worth of the advice, emphasized so strongly in our text book, THE MAGAZINE OF WALL STREET, about investigation before investment. We made this purchase solely upon the strength of a "tip" from one in whom we had every reason for confidence. This was taken by every member of the group as a very convincing illustration of the folly of accepting "tips" for other than what they usually are, especially in view of the fact that the other two purchases which we have made, after careful consideration, have shown us from the time of purchase a comfortable profit in addition to having afforded us a yield averaging eight per cent.

The decision which I consider one of the best and most significant of those which we have made is that of not distributing income or profits in the form of dividends, but of allowing our monthly payments and all accruals to accumulate in order that we may be able to operate upon a more rapidly increasing scale. This feature in our policy serves, I believe, to qualify, more than anything, our project as a subject fit for the consideration of the members of the "Building Your Future Income Department" since, by our acts, we are undoubtedly building our future income upon the sacrifice of that of the present.

I am firmly convinced that our association has passed safely through the dangers of organization and disagreement and is now headed for a prosperous future. The "Club" is founded upon unquestionably sound principles in which all of its members believe. The membership may change, although we hope that the changes will be few, but the organization should, if by no other means than that of accumulation and compound interest, continue until it repays each of its members many times for the trouble and money which they have devoted to it as a "side line."

"Some Don'ts"—

DON'T look for big profits.

The man who looks for big profits looks for highly speculative securities. Stocks like American Telephone & Telegraph, U. S. Steel, Union Pacific, etc., seldom appeal to him. He goes after the oils, the mining stocks, the cheap industrials, etc. Result: He incurs the risk of equally big losses, which he cannot afford to take.

Don't buy on insufficient funds.

If you haven't the funds to enable you to hold what you buy for a reasonable length of time, it is better not to buy at all. Very often, the man who can't really spare what he uses to buy stocks with finds himself forced to sell out at the most unpropitious moment.

Don't take things for granted.

If you base your purchases, in any degree, on the recommendations of others, either be sure that the judgment of those "others" is better than yours, or else that their conclusions jibe with yours.

Don't be hasty.

The stock market was here long before you arrived, and it will be probably here a good while after you and I are gone. If one opportunity escapes you, there will always be plenty of others.

Don't quibble about a half of one per cent.

An income yield of 5½% may *look* much lower than an income yield of 6%; but if you compare the two in terms of the dollars-and-cents result to you, the difference will not be great.

Don't forget your own affairs.

For the small investor, the securities market must be a sideline. It must continue a sideline as long as he continues a small investor.

Keep your eye on the main chance, then, which is your own business.

BYFI'S
Recommendations Table
(For Small Investors)

$100 Bonds		Recent Price	Yield to Maturity
St. L. & S. F. R. R. prior lien 4s, '50		74¼	6.10%
Laclede Gas 5½s, '53		99	5.70
U. S. Rubber 5s, '47		86⅜	6.15
Preferred Stocks	**Per Share Dividend Rate**	**Recent Price**	**Yield**
Cluett Peabody	7	106	6.54%
American Ice	6	77	7.70
Mack Truck 1st	7	109	6.42
Radio Corp.	3½	52	6.73
Schulte Ret. St.	8	114	7.10
Common Stocks	**Per Share Dividend Rate**	**Recent Price**	**Yield**
Amer. Tel. & Tel.	$9	134½	6.68

A Record for Budgeteers to Shoot At

How We Saved 38% Out of an Income of Less Than $4,900

By J. R. MAMESON

The Budget

	Estimate (Jan. 1, 1924)	Actual (Dec. 31, 1924)
Salary	$4,000	$4,000
Misc. Receipts	—	489
Profits, etc., on Money Saved During 1924	—	408
Total Income	$4,000	$4,897
CONSUMABLES		
Rent	$960	$960
Food, Water, Tob., etc.	900	855
Med. Att'n., Service, Carfare, Shines, etc.	600	590
Total	$2,460	$2,405
PLANT		
Household	$135	$123
Clothing	300	226
Total	$435	$349
RESERVE		
Insurance	$305	$303
Cash	800	1,840
Total	$1,105	$2,143
Grand Total	$4,000	$4,897

I NOTICE in a recent issue that you praise a *proposed* budget which contemplates saving 23%. Above, I give you an actual one—my own, for 1924 which did that and more.

The secret of our success, as I see it, is that we stuck to the budget, although the income was, surprisingly, somewhat greater than we had anticipated. As a budget figure cannot be exceeded, there is usually a small additional saving on each item.

Subtracting the unexpected receipt of $897 from the amount saved, we still have $942, or 23½% of current salary. The total amount saved was 46% of the estimated income, and 38% of the actual income.

Like the good showing of some corporation reports, our own showing has been slightly at the expense of maintenance, but while I will have to replenish the family wardrobe during 1925, the income of those eighteen hundred and some odd dollars should be of some assistance and with another market like this one, we might even get a fur coat or so.

My budget differs a little from others I have seen in that there are three heads, Consumable, Plant and Reserve.

The "Consumables" are sunk without a trace—rent, food, water, tobacco, etc., shines, doctor's bills, cook's hire, carfare, etc. This item should never exceed 65%.

The additions and replacements to "Plant," such as furniture, clothes and other equipment may be controlled in such a manner as to allow money saved when needed, and for a long time after purchase remain assets with some book value and a good deal of actual use value.

In conclusion, let me say that 1924 was a perfectly comfortable year. We have more than enough house and it is well furnished. Our board could not be improved. We cannot afford a car but don't particularly want one.

Except for wearing last year's clothes, there is no ground for the charge of parsimony where we are concerned.

For 1925 the salary will be the same and the budget total the same, although there will have to be a shuffling of items.

Mr. Mameson can certainly be congratulated upon his showing.

If we figure his insurance premiums along with his cash savings as money plowed back (and this is warranted to the extent that life policies are held) then his reserve account for 1924 is swelled to over $2,140, or more than 43% of his total, actual income.

Not many people can boast of such results as that.

His Budget form has the advantage of extreme simplicity and is to be commended for that reason. The idea of entering the various items under broad headings such as "Consumables," etc., is not entirely new, however. It has for some time been good practice in the Budget field to use similar groupings under slightly different names, notably, "Necessities," "Advancement," "Savings," etc.

Comparing the Mameson budget with the budget accounts rendered by others, as well as with those compiled by ourselves, one notices the absence of any provision for "Recreation and Vacation," and "Donations and Gifts." It is conceivable that these items were taken care of in the course of the year and are hidden in the reckoning under the title of "Consumables." Considering the amount allowed for "Consumables," however, it seems more likely that no provision was made for these items at all; and if that is the case, many readers will say that Mr. Mameson's big savings were gained at the expense of current pleasures—which is as it may be.

From our standpoint, one of the most interesting features of the Mameson exhibit is the fact that no single item in his preliminary estimate was exceeded in his actual accounting. In other words, this family demonstrated to its own satisfaction that it is possible to layout a budget on the first day of the year which will cover all the requirements and bring you out ahead at the end of the year. A good many people don't think that can be done.

ARE YOU A BUDGETEER?

If not, why not?

If so, what has Budgeting done for you? Tell us so that we may tell others.

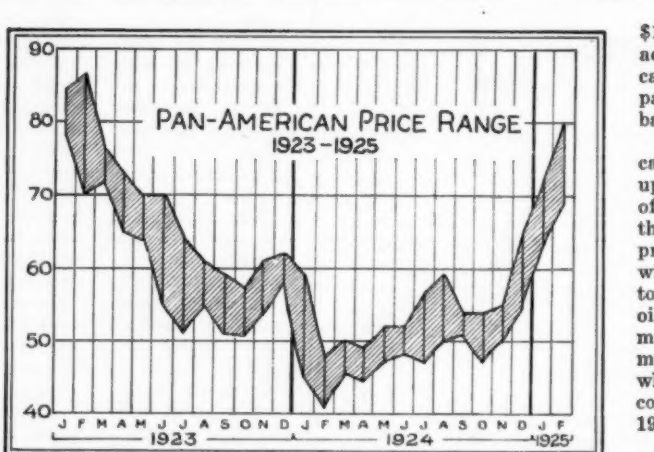
Petroleum

Pan American Petroleum & Transport Co.

Bright Outlook for Pan-American

Company's Progress Will Not Be Stopped by Government Litigation—Dividend Increased—January Best Month in Company's History—Outlook for Stock

PAN-AMERICAN PETROLEUM cheered its friends and confounded its critics by increasing the dividend on its common stock from $4 to $6 per share. The change in dividend rate was made on February 20th last. Our readers were amply apprised of Pan-American's improved status, for in our issue of December 20, 1924, under the caption, "Has Pan-American Discounted All Unfavorable Factors?" attention was called to the company's strong position and improving earnings and prospects. The common stock was then selling at about $55 per share.



The increase in the dividend rate is the tacit announcement that the management considers the company has passed through its valley of doubt and is now on firm footing in a brighter land beyond. When, four or five years ago, E. L. Doheny perceived that the day of light crude in Mexico was passing rapidly and consequently created the Pan-American Co. to supplant the old Mexican Petroleum Co., considerable doubt existed as to whether he would succeed to the extent of making the new company as good or better than the old.

New Policies

Through the Pan-American Company Mr. Doheny inaugurated several new and radical lines of policy. Among other things, he entered the heavy producing fields in Mexico on a big scale and set about to build up a large volume of settled production in this country. The obstacles were many and the expense great. There was not only keen competition for oil in the United States but there was a never-ending scramble for heavy production in Mexico. But Doheny is considered by many to be the world's premier oil man. He has had vast experience and possesses brains, capital and credit. As a result Pan-American today has approximately 180,000 bbls. of daily production in Mexico of which about 70,000 bbls. is light crude and the rest heavy crude, and upwards of 20,000 bbls. of oil per day in this country, chiefly in California. Pan-American is now one of the two largest oil producers in the world, the other being Royal Dutch, and is the world's greatest producer of heavy oils.

It must be admitted that Doheny has had the luck which usually comes to good players, although possibly he may figure that the total of untoward "breaks" more than exceeds the total of those favorable. At all events the very material change in the status of the fuel oil market has been a big factor in Pan-American's affairs. The writer recalls that only a very few years ago fuel oil was kicking around the world's markets with none so poor as to do it reverence at 25c a barrel.

Last December, the company renewed its fuel oil contracts with large shipping companies including the Shipping Board, involving more than 10,000,000 bbls. on a $1.80 per barrel basis. This was 40c in excess of the price a year previous. Fifty cents a barrel increase brings approximately $18,000,000 per annum additional into Pan-American's coffers from the company's heavy crude on the basis of present output.

Altogether Pan-American has contracted to sell upwards of 25,000,000 bbls. of fuel oil this year from the company's Mexican properties. In addition it will sell from 10,000,000 to 15,000,000 bbls. of fuel oil on the Pacific Coast, making a total of approximately 40,000,000 barrels which the company has contracted to deliver in 1925.

The story of the rise in fuel oil is another tale and too long to relate at this time. Writing for *The Oil Trade*, an author neatly summarized the demand for fuel oil as follows: "Every tick of the clock registers ten and one-half barrels of fuel oil consumed in the United States; so even as you read this short paragraph, about one hundred and thirty-seven barrels of fuel oil are being converted into heat units throughout the country."

The greatest demand for fuel oil comes from the shipping industry with the railroads a good second. Then follow the electric power industry, petroleum refining, gas manufacture, and iron and steel respectively in the order named. Coal and coke still top oil as fuel in industries in the United States but the demand for the latter is growing rapidly and threatens to oust coke from second place.

In Retail Markets

Doheny's plans for Pan-American included a much wider sphere of activity and more intensive development of the oil business than was the case with Mexican Petroleum. Pan-American is a complete unit handling its own oil from the ground to the consumer. The company owns its own

(*Please turn to page 873*)

Mining

Outlook for Non-Ferrous Metals

Copper, Lead and Zinc in Good Position —Reaction Strengthens Price Situation

WHILE the stock market as a whole has continued to move upward, the metal shares have halted. The majority have lost part of the gains made in the past few months and are selling near the low price ranges of the current year. Backwardness in this group is suggestive of an attitude of waiting to determine the direction of the next important turn in the metal industry. It is, accordingly, of interest to review the situation at this time.

The post-election impulses, which started trade and industry in other lines sharply upward, found sympathetic reflection in the leading metals. Rising volumes of sales carried prices to a peak in January. Copper advanced to 15¼ cents a pound, the highest figure since the middle of 1923. Zinc ran up to 7.9 cents, the highest point since March, 1923. Lead rose to 10½ cents, the best price in seven years.

At these levels, consumers began to take heed of the future and suddenly stopped bidding against each other for supplies. This may be considered fortunate for the metal markets. The ensuing reaction has strengthened a situation which was in some danger of becoming unhealthy. Producers are well protected by orders for future delivery and are not forced to sell at the lower prices. Weak holders are nervous, however, and their desire to secure a share of the present relatively light sales turnover is responsible for sagging prices.

In a large measure, the future trend of the non-ferrous metal markets depends upon the tendency of American demand. Previous to July, 1924, European politics was an important factor. Practical operation of the Dawes plan has restored confidence and economic stability, however, with the result that European demand is gradually expanding. The outlook in this direction is favorable so that more weight is now given to the domestic prospect. This is natural, for it is to be remembered that approximately half of the world's metal production is consumed in this country. Granting that general business may look to the next several months as a period of active, though moderate, improvement, prospects for non-ferrous metal producers will be determined by conditions within each of the respective groups.

Average Weekly Metal Prices
CENTS A POUND

Week Ended	Copper (New York)	Lead	Zinc (St. Louis)
Nov. 5....	13.35	8.65	6.54
12....	13.57	8.68	6.70
19....	13.72	8.65	6.89
26....	13.68	8.78	6.84
Dec. 3....	13.88	8.66	7.05
10....	13.95	8.66	7.03
17....	14.19	9.16	7.39
24....	14.47	9.50	7.55
31....	14.66	9.70	7.75
Jan. 7....	14.79	9.99	7.83
14....	14.84	10.43	7.84
21....	14.69	10.43	7.78
28....	14.60	9.99	7.62
Feb. 4....	14.48	9.73	7.44
11....	14.68	9.70	7.54
18....	14.38	9.38	7.48
25....	14.43	9.20	7.55

COPPER is strongly situated from a statistical standpoint. Refinery stocks, on January 1, were down to 247 million pounds, the smallest total since 1918. This figure is scarcely more than a month's supply. Output of American mines increased from 1.47 billion pounds in 1923 to 1.51 billions last year but consumption has kept pace with this expansion. Domestic shipments, as a matter of fact, are establishing new peace-time records. Meanwhile the export trade is gradually assuming a position of large importance, as will be seen by comparison of last year's exportation of 1.13 billion pounds of copper against 843 millions the year before.

While the industry is capable of increasing output very much above the current rate, producers have, thus far, kept operating schedules well within bounds. So long as they exercise proper restraint, there is no danger that the present balance between demand and supply will be upset. In this connection, it is significant to note that the quantity of copper available at current quotations around 14⅝ cents a pound is comparatively small.

The low and medium-low cost producers are, obviously, in a favored position. Substantially more than half the present world production of copper is being mined at satisfactory profits by companies which fall in this group. While the earnings outlook for these concerns is good, mines in the higher-cost category are showing indifferent results.

LEAD is in an even stronger position than copper. At the close of 1924, stocks of refined lead amounted to only 18,765 tons, notwithstanding a sharp gain in production. As export requirements are absorbing the Mexican output, there is little hope for domestic consumers who count upon metal from this source to undermine prices.

Lead's break from the recent peak to current quotations around 9¼ cents a pound was caused by the simultaneous collapse of commodity speculation at London and realization on the part of consumers that the rise had been too rapid. This set-back may be regarded as constructive from the long-range viewpoint as it has restored order and induced conservatism.

In spite of more liberal output, new uses of lead have caused demand to outstrip supply. Since there seems no prospect that new sources will be uncovered in the near future, producers may look forward with complacency.

ZINC has been affected by the same influences that have produced temporary unsettlement in lead and copper. Buyers have taken the reaction in prices as a cue to caution. While this condition continues, the metals are influenced chiefly by action of the markets abroad.

Supplies of zinc in the hands of producers are equivalent to less than two weeks consumption. European stocks are likewise low. On the other hand, production is proceeding at a high rate. In spite of this, zinc would undoubtedly respond to a favorable turn in demand.

SERVICE SECTION

ANSWERS TO INQUIRIES

AMERICAN SMELTING

Carson Suit Unimportant

Is the Carson case decision against American Smelting vital? I know estimates ranging from $200,000, which would not be important, to $20,000,000 as the amount Carson may collect. Do the stockholders of Smelter's have any cause for worry?—E. P. H., Milwaukee, Wisc.

Decision of the U. S. Circuit Court of Appeals of the Ninth District in the case of George C. Carson against American Smelting & Refining Company named no amount as due for damages but simply decided that the Carson smelter-feed patent was valid and prior to the patent under which American Smelting was operating. This patent covers the feeding of silicious material along the side walls of reverberatory furnaces to protect them from corrosion by the hot bath of melted ores and slag. The patent is not a basic patent covering an essential operation but merely a detail in the smelting operation which results in economy of operations, and it is difficult to see how the damages involved can be more than the benefit derived from the use of the patent. In the case of American Smelting & Refining, this benefit is estimated at less than $500,000, and we believe this is the limit of the loss which American Smelting may have to take. There is nothing in the situation to cause American Smelting stockholders concern.

SHELL UNION

Dividend Increased

Do you think the increased dividend on Shell Union will be maintained, and how about the effect upon Royal Dutch? I hold stock in each organization and will be glad to have your opinion of the price possibilities of each stock over the rest of the year.—F. A. S., Brooklyn, N. Y.

We do not consider that Shell Union will have any difficulty in maintaining the increased dividend rate of $1.40 per share per annum. Although 1924 was far from a satisfactory oil year, Shell Union earned $2.50 a share on the common stock after deducting $25 million for depletion and depreciation. Under the more favorable conditions now obtaining earnings should be at a still higher rate. Royal Dutch owns about 7.2 million shares of the common stock of Shell Union and the 40 cent increase in the annual rate means about $3 million additional income for Royal Dutch. We consider both stocks good long-pull holdings in view of the favorable outlook for the industry.

MACK TRUCK

Advance Appears Justified

Three times in the past year you have advised me not to take my profit on Mack Truck, but I am getting somewhat nervous for fear that the spectacular advance may prove to be only a skyrocket.—G. A. F., Minneapolis, Minn.

Although Mack Truck has had a very extensive rise in the market, nevertheless we do not feel that the stock has been carried to unwarranted heights. Mack Truck last year earned around $18 a share and as in the current year large additional profits are anticipated from the motor buses and rail cars recently introduced, a considerably better showing is likely. Of course, after so extensive an upward move the stock may be subject to reaction at this time. The advice not to take profits in the past has certainly

(Please turn to page 867)

Coming Dividend Payers

A Few Common Stocks That Are Likely to Resume Payments in the Current Year

In the purchase of stocks I am partial to non-dividend paying common issues that appear likely candidates for dividends in the near future and in the past I have had my greatest success in making purchases along these lines. Could you be good enough to name a few such issues which in your opinion have not fully discounted dividend payments?—B. T. F., Springfield, Mass.

In purchasing common stocks at the present time it should be realized that the level of the market is very high and the opportunities no longer exist that were available a few months ago. However, we believe that there still remain possibilities of profit in the following common stocks, which can be regarded reasonably close to dividends.

B. F. GOODRICH.—This company earned over $10 a share on the common stock in 1924 and as financial condition is reasonably sound and the outlook for its business satisfactory, dividends are likely before long.

MAGMA COPPER.—This company is one of the lowest cost producers of copper and through recent sale of additional stock has cleared up indebtedness. On the basis of present price for the metal, Magma has a substantial earning power and favorable dividend action is probable.

WORTHINGTON PUMP.—This company is in unusually strong financial condition, ratio of current liabilities being 15 to 1. Only $1.28 a share was earned last year but new products have been developed, including a double action Diesel Engine, which should result in substantial earnings for the current year. Dividends within a year's time are likely.

MARLAND OIL.—This company has steadily increased production and under the improved conditions now existing in the oil industry should be able to show substantial profits. The sale of additional stock has placed the company in sound financial condition and we anticipate that dividends will be paid in the near future.

School for Traders & Investors

Fifty-third Lesson

The Importance of Fundamentals

Relation of Production and Consumption Statistics to Security Prices

REPORTS of production and consumption of leading raw materials receive serious consideration and study on the part of our leading statisticians and students of fundamental economic conditions. Most of the recognized compilations of figures relating to our primary commodity markets are accepted as having barometric qualities so far as the major business cycle is concerned. No one questions the importance and significance of such figures as indicators of past, present and future business prosperity or depression.

THE casual or superficial observer of market movements is always at a disadvantage. To obtain satisfactory investment or speculative results, it is essential to have a good idea of the fundamental trend of industry. An investor in steel stocks should be familiar with the trend of the industry. Copper stocks should not be bought if the major trend of copper prices is downward. Other examples might be cited. This article tells just why it is important to follow the "fundamentals."

The Business Cycle

At certain stages of our business cycle, many of these reports are favorable at the same time, and their relationships are consistent and cooperative. Here we have a set of conditions that indicates commercial profit for a large percentage of all our business organizations, and many directly and indirectly related semi-commercial and professional activities. Such conditions also assure the economic advancement of our vast army of individual wage earners, most of whom are employees of large corporations engaged in the production, distribution or consumption of the materials to which our statistics relate.

At other stages of our major economic cycle, our statistics indicate a mixed condition. Some of our basic industries may be in a prosperous condition while others are struggling against serious difficulties peculiar to their particular position or relationship to other important industries with which they are temporarily out of economic synchronism. At such times there may be too wide a divergence in commodity prices to permit the degree of commercial cooperation that insures or permits a mutually satisfactory distribution of prosperity's favors.

Under the most unfavorable conditions, few or none of our great commercial organizations or activities can operate without temporary loss, to say nothing of making a fair profit. At such times we say we are in a period of business depression. This means calamity for some interests and individuals who have failed to observe the danger signals which have been displayed to all. On the other hand, it may offer to others, who have developed economic observation and foresight—including many students of these discussions—a rare opportunity for financial betterment.

As the public becomes better informed with regard to our economic cycles and conditions, its behavior in financial transactions will be more to its advantage. In this connection, some observers have advanced the theory that the public's further education in financial matters will eventually lead to a lowering of the crests of business inflation following a period of prosperity, and to the avoidance of the former extreme depths of depression following a period of liquidation.

We are inclined to believe, however, that only that part of the public that takes the trouble to educate itself will derive the benefit of such a tendency, while a large proportion of the people will continue in relative ignorance of such matters, owing to persistent lack of serious interest, or inability to appreciate the instruction which nowadays is fairly thrust upon them. Hence, economic, business and stock market cycles are likely to continue as usual, while those who take the trouble to study and analyze their financial activities will derive a profit as heretofore, and the oncoming army of superficial observers will continue to get hurt.

The more important fundamental statistics relating to production and consumption include crop reports, especially of important grains and cotton, and figures indicating the supply of animals valuable for food and hides. The transportation systems of the country are so important that statistics of production, consumption and unfilled orders relating to materials used in railway construction and equipment are of prime importance. The complexity and inter-relationship of many of these figures is illustrated by the fact that large crops mean good earnings for the carriers, while the ability of the railroads to render prompt and efficient service at reasonable cost affects the value of the crop and the profits of the producers and distributors.

Other Important Indices

In addition to the above, we have a long list of important raw materials, and semi-fabricated and finished products that are the very bases of our leading industries, for example: iron, steel, coal, oil, textiles, non-ferrous metals, lumber, cement, leather, paper, sugar, tobacco, automobiles, etc. Statistics of production, consumption, and prices of such commodities have barometric qualities, not only with regard to the special industry involved, but also as this industry may be related to other leading factors in the general economic scheme.

Such figures, and their proper interpretation, are of vital importance to the organization engaged in production, manufacture, distribution or consumption, in order that such organization may survive the particular competition it has to face. These statistics have another significance which

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Income Tax Department

Conducted by M. L. SEIDMAN, C. P. A.

Tax on Capital Gains

THE final instalment of this department is confined exclusively to inquiries and answers on typical income tax problems. These have been carefully selected among hundreds as offering the most practical suggestions for the largest number of our readers.

Margin Account

Q. I have a margin account through which I trade in stocks. I bought some stocks and sold some short. My broker has credited me with dividends on stocks that I bought and charged my account with the dividends on the stocks that I am short. In making up my income tax return, should dividends on the stocks short be offset against the dividends that were credited to me?—D. O.

A. The dividends on stocks short cannot be offset against dividends credited. The charge for the dividends on short stock is an addition to the cost of the stock to be covered. Dividends credited, however, must be reported in full.

Stock Losses

Q. My losses on the Stock Exchange for the year 1924 exceed my income for that year. Under these circumstances, of course, I pay no tax. The question is whether I am allowed to carry forward to my 1925 tax return the excess of losses in 1924.—P. A. E.

A. In order to deduct a net loss, the loss must result from the operations of a trade or business. If your business is that of trading in stocks, you can deduct the excess of your losses in 1924 on your 1925 return; otherwise you cannot.

Sale of Business

Q. I sold my interest in my business for $6,000. The profit was $3,000; the balance was cost of merchandise. I took long deferred notes to close the transaction. Should I state the entire $6,000 as income in making out my return, or should I only state $3,000, the actual cost of the merchandise? Also, shall I include in the return the notes as a whole, or wait until due and paid?—R. E. T.

A. Only the profit, namely $3,000, need be returned by you for income tax purposes. Unless the notes have no fair market value, you cannot wait until the notes are collected. If they have a fair market value, you need consider them only at that value and adjust your profit accordingly.

Incorporating a Partnership Business

Q. In 1905 some friends and myself formed a partnership for the purpose of buying and selling unimproved real estate. In 1917 we decided to incorporate and the new corporation took over the assets of the partnership. In making up our balance sheets, we have added yearly to the original cost price of each parcel the taxes and interest paid on the mortgage as representing a fair increase in the value of land, so that in May, 1917, when the corporation took over the assets, each parcel stood on the books at a substantial advance over cost price. Having sold a number of parcels in 1924, the question has arisen whether in computing the profits to the corporation, it is proper to base the same on the original cost of the property to the partnership or on the cost as shown on the books of the partnership in 1917, when the corporation took over the properties of the partnership?—C. E. S.

A. The basis for determining gain or loss to the corporation is the value of the property at the time it was turned into the corporation in 1917. If the books of the partnership at that time reflected fair value, the book figures should be used. The original cost of the property to the partnership has no bearing on the case, as under the 1917 law, incorporating a partnership business was a transaction in which gain or loss might be recognized.

Personal Expenditures

Q. I would like to know if deductions are permitted and how to determine the amount of deduction in each case, of the following articles: (1) cigars, cigarettes, smoking tobacco, theatre tickets, watches, rings and eyeglasses. (2) I understand that deduction of 1923 state tax from federal tax is permissible. Is this correct? (3) Are union (trade) dues deductible?—C. W. P.

A. (1) The amounts expended for items you mention are not deductible as they are purely personal expenses. (2) State taxes are deductible on the federal tax return. (3) Dues paid a union are likewise deductible.

Exemption for Support of Parents

Q. My two brothers and myself each contribute $20 dollars per month which we send monthly to our parents in Scotland who are up in years and unable to earn their living. We are anxious to know if we are allowed exemption individually or whether the exemption only goes to one.—D. J.

A. Only the one who is the chief support of the dependent can deduct the exemption. In your case it is apparent that you and your two brothers are equal contributors. Under the circumstances none of you could claim the exemption. It would be necessary for one of you to make more than 50% of the total contribution for that one to be entitled to the exemption.

Investment Loss

Q. About four years ago I invested $6,300 in a concern which has since gone into the hands of a receiver. Please advise me whether I am entitled under the law to deduct this from my income when filing my income tax report?—O. W. Z.

A. The loss on your investment can be deducted, and your deduction should be taken in the year in which the investment becomes worthless.

School Teacher

Q. Is a man employed as instructor in a public school in the United States exempt from income taxes by reason of being so employed, even though after the regular deductions, he shows an amount that would even in the case of an average clerk be subject to taxation?—T. T. T.

A. Instructors in public schools established by the State, or city where considered as State or City employees are exempt from income tax to the extent of their income from such instruction. Any other income that they may have is not exempt, and would have to be reported.

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SOUTHERN RAILWAY

(*Continued from page* 833)

ceding December, while operating expenses were decidedly lower. The greater part of the reduction appeared in transportation expense. This was made possible because of the lower cost of coal and greater economy in its use, as well as by speeding up train movement. Despite the smaller sums spent on maintenance this year, the company's equipment is in a very good state of repair, the percentage unserviceable being very low.

Earnings per share for the year 1924 were approximately $12. The amount required to pay 5% on the 1,200,000 shares of common stock outstanding is $6,000,000 per annum, while the sum available in 1924 was in excess of $14,000,000. In addition, Southern Railway's share in the undistributed earnings of its subsidiaries amounts to more than $3 per share. It is apparent that the present dividend rate is well protected.

From present indications the current year should result in higher earnings per share than ever before in the road's history. With a well maintained volume of traffic throughout the year, the operating ratio will undoubtedly be further reduced. *It is quite likely that net income for the common stock will equal $15 per share.*

With earnings at this rate in prospect, it is only a question of time until the dividend will be raised above the present 5% rate. The stock consequently represents an investment which should enhance in value.

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

(*Continued from page* 835)

Actual Changes from Jan. 1 to Date

GLIDDEN CO.
Feb. 17—Sold: 1st rfndg 6s, '26-'40....................$3,000,000
Mar. 1—Redeemed: at 107½, s. f. st mtge. 8s, '36, entire issue, $2,864,700

HAYES WHEEL
Feb. 1—Redeemed: at 102½, s .f., "A," 1st mtge. 7s, '29....$108,800

INTERNATIONAL TEL. & TEL.
Feb. 10—Authorized: increase in Capital Stock from $25,000,000 to $60,000,000.

INVINCIBLE OIL CORP.
Jan. 13—Dissolved: distributing to Stockholders, share for share, its holdings of LOUISIANA OIL REFINING CORP. shares, 1,094,236

JEWEL TEA
Jan. 27—Changed par value: of Common Stock from $100 to no par, with an assigned value of $1 a share.
Exchanged: old Preferred for new Preferred upon which amortization will begin July 1, 1926.

JONES BROTHERS TEA
Jan. 26—Changed par value: of Common Stock from $100 to no par.

KANSAS CITY SOUTHERN RY.
Jan. 21—Sold: additional fndg. & imprvt. mtg. 5s, '50.....$3,000,000

MAGMA COPPER CO.
Jan. 26—Authorized: increase in Capital Stock from 350,000 shares to 410,000 shares.
Feb. 24—Offered: to Capital Stockholders, right to subscribe, at $36.50, to 1 new share for each 4.51 held, shares.............54,357

MARLAND OIL
Jan. 18—Issued block of Capital Stock to J. P. Morgan & Co. at $39, shares 100,000
Feb. 1—Redeemed: at 105, s. f., "B," 7½s, '31, entire issue, $2,235,000

MARTIN-PARRY CORP.
Jan. 26—Authorized: increase in Capital Stock from 100,000 shares to 200,000 shares.

MATHIESON ALKALI
Jan. 21—Authorized: increase in Common Stock from 130,000 shares to 200,000 shares.
Changed par value: of Common Stock from $50 to no par.
Jan. 26—Offered: to Common Stockholders, right to subscribe, at $45, to 1 share new for each 5 shares held, shares............23,543

MAXWELL MOTOR
Jan. 26—Sold 1st mtg. 5½s, '25-'34....................$5,000,000
Redeemed at 105, s. f., cv., deb. 7s, '34....................$2,750,000

MISSOURI-KANSAS-TEXAS R. R. CO.
Mar. 1—Redeemed: at par, col. tr. 6s, '30, entire issue...$4,750,000

MISSOURI PACIFIC R. R. CO.
Feb. 9—Sold: "D," eq. tr. 5s, '26-'40....................$8,820,000
Feb. 28—Sold: 5% participation ctfs., '30....................$3,000,000

NATIONAL ACME CO.
Feb. 5—Reduced par value: of Capital Stock from $50 to $10; thereby decreasing auth. & outstanding Capital Stock by $20,000,000

NATIONAL CITY BANK OF N. Y.
Feb. 16—Offered: to Capital Stockholders, right to subscribe, at $200, for 1 new share of Capital Stock for each 4 shares held. ($50 of this was used to purchase 25,000 shares of recently authorized Capital Stock of the NATIONAL CITY CO., all owned by the BANK, at $200 a share.) Transaction resulted in the following changes of Capital:
NATIONAL CITY BANK—Capital stock increased from $40,000,000 to $50,000,000.
Surplus increased from $45,000,000 to $50,000,000.
NATIONAL CITY CO.—Capital Stock increased from $10,000,000 to $12,500,000.
Surplus increased from $10,000,000 to $12,500,000.

NATIONAL DEPARTMENT STORES
Jan. 23—Issued: 17,060 shares 7% Cum. 1st Pfd. Stock..$1,706,000

NEW ORLEANS, TEXAS & MEXICO RY. CO.
Feb. 19—Acquired: the Capital Stock of the INTERNATIONAL-GREAT NORTHERN R. R. CO. $7,500,000

NEW YORK CANNERS
Feb. 2—Paid: Common Stock dividend of 3% on Common Stock, shares 3,000

NEW YORK CENTRAL
Feb. 4—Converted to date, into Common Stock, cv., deb. 6s, '35, $25,000,000

NEW YORK, NEW HAVEN & HARTFORD R. R.
Jan. 2—Redeemed at par, eq. tr. 6s, '27, entire issue.......$894,000
Feb. 7—Sold: eq. tr. 5s, '26-'40....................$3,645,000
Feb. 17—Sold: to local business interests, rfndg. 6s, '40..$23,000,000

NIAGARA FALLS POWER CO.
Jan. 21—Purchased: Capital Stock of NIAGARA GORGE RY. CO. $1,000,000

NORFOLK & WESTERN RY. CO.
Jan. 23—Sold eq. tr. 4½s, '26-'35....................$6,000,000
Sold: additional div. 1st lien & gen. 4s, '44....................$6,000,000

NORTH AMERICAN CO.
Feb. 10—Acquired over 99% of Common and over 40% of Preferred Stock of PENINSULA POWER CO....................$1,830,000

NORTHERN CENTRAL RY. CO.
Jan. 31—Sold: "A," gen. & rfndg. mtg. 5s, '74..........$8,300,000

OHIO FUEL SUPPLY
Jan. 2—Redeemed: at par, out of earnings, 5% notes.....$3,000,000

OHIO PUBLIC SERVICE CO.
Jan. 21—Issued: 30,000 shares, 7% cum. 1st Pfd. Stock, Ser. "A," $3,000,000

PACIFIC TEL. & TEL.
Feb. 4—Increased: auth. Com. Stk. from $17,000,000 to $53,000,000

PERE MARQUETTE RY. CO.
Feb. 19—Sold: 1st mtg. 5s, $7,814,000. (To be pledged as security for Company's Notes.)

PITTSBURGH & WEST VIRGINIA RY.
Jan.—Retired: 6% Pfd. Stock, entire issue.......... $9,100,000

PUBLIC SERVICE CORP. OF N. J.
Jan. 10—Sold: secured g. 6s, '44....................$20,000,000

REMINGTON TYPEWRITER
Jan. 1—Redeemed: at 102½, 1st mtg. ser. 6s, '26, entire issue $447,000

ST. LOUIS SOUTHWESTERN RY. CO.
Feb. 7—Sold: "J," eq. tr. 5s, '25-'40....................$1,530,000
Mar. 1—Redeemed: at par. collateral note given to U. S. Gov't., together with corresponding participating ctfs. (Central Union Trust Co.) $700,000

SCHULTE RETAIL STORES CORP.
Mar. 2—Paid: to Common Stockholders, dividend of $2 in Pfd. Stock $752,000

SHERWIN WILLIAMS CO.
Mar. 1—Retired: at 105, additional block of 7% Pfd. Stock $1,000,000

SOUTHERN PACIFIC CO.
Jan. 24—Sold: g. 5s, '44....................$1,500,000

STANDARD MILLING CO.
Feb. 25—Sold: 1st & rfndg. mtg. & lien 5½s, '45........$2,500,000

STANDARD PLATE GLASS CO.
Feb. 25—Sold: 5-yr., 6% g. Notes, '30....................$3,000,000

UNION OIL CO. OF CALIFORNIA
Jan. 28—Sold: s. f., deb. 5s, '35....................$10,000,000

UNITED DRUG CO.
Jan. 22—Increased: authorized 7% cum. 1st Pfd. Stock ($50 par) from 400,000 shares to 700,000 shares.
Feb. 16—Offered: to Pfd. Stockholders, right to subscribe, at $52.50, to 1 share new Pfd. for each share held....................$16,321,850

UNITED STATES RUBBER CO.
Feb. 25—Sold: 6½% g. Notes, '26-'40....................$30,000,000

VANADIUM CORP.
Jan.—Took over control of U. S. FERRO ALLOYS CORP.

VIRGINIA-CAROLINA CHEMICAL CO.
Feb. 24—Liquidated: its holdings of the Capital Stock of the SOUTHERN COTTON OIL CO., carried on its books at $24,500,000 for $9,345,000

WABASH RY.
Feb. 6—Sold: "A," rfndg. & gen. 5½s, '75....................$12,500,000

WEBER & HEILBRONER
Jan. 29—Reduced: Auth. Com. shares from 250,000 to 100,000 shares.
Exchanged: 1 share new for each 3 shares held, thereby reducing outstanding Common Stock by 150,347 shares.

WELLS, FARGO & CO.
Jan. 13—Directors offered to purchase: at $12.50, entire outstanding Capital Stock (240,000 shares, par $1)....................$3,000,000

WICKWIRE SPENCER STEEL CORP.
Feb. 25—Offered: to Pfd. Stockholders, right to subscribe for 5-yr., 7% Class "A" Notes and Common Stock of reorganized Co., to extent of $20 principal am't of Notes and 3⅓ shares of new Common upon payment of $20 for each share of Pfd held: $1,545,000 Notes, 270,375 shares Common.
Offered: to Com. Stockholders, right to subscribe for 5-yr. 7% Class "A" Notes and Com. Stock of reorganized Co., to extent of $2.25 principal am't of notes and 63/160 of a share of new Com., on payment of $2.25 for each share of Com. held: $978,300 Notes, 171,202 shares Common.

New York Stock Exchange

RAILS

	Pre-War Period 1909-1912 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1924 High	Low	1925 High	Low	Last Sale Mar. 4	Div'd $ per Share
Atchison	125⅛	90¼	111¼	75	120¾	91¾	127⅞	116¾	123⅝	7
Do. Pfd.	106¾	96	102⅛	75	96½	72	95¼	92½	95	5
Atlantic Coast Line	148½	102½	126	79⅞	152¼	77	166	147¼	159	‡7
Baltimore & Ohio	122¼	90⅝	96	88¼	84⅜	27⅝	82½	76	80½	5
Do. Pfd.	96	77¼	80	48¼	66½	38½	66½	64½	65⅛	4
Bklyn-Man. Transit	..	..	..	..	41⅜	9⅛	45	35⅛	41	..
Do Pfd.	..	..	..	..	75¾	31⅜	80⅝	72⅞	80⅛	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	152⅜	146½	147½	10
Chesapeake & Ohio	92	51⅛	71	35⅝	98¼	46	98¾	92	96⅝	4
Do. Pfd.	..	..	..	..	109⅛	96	109	106⅜	107¼	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	10⅞	16⅜	11½	12	..
Do. Pfd.	181	130½	143	62⅛	76	18¼	28½	19⅝	20¼	..
Chic. and Northwestern	198½	123	136⅞	85	105	45⅞	75⅜	66¼	69	4
Chicago, R. I. & Pacific	..	..	45¾	16	50	19⅛	53⅝	44	52	..
Do. 7% Pfd.	..	..	94¾	44	105	64	99¼	92	98¾	7
Do. 6% Pfd.	..	..	80	35¾	93¾	54	89½	83	89	6
Delaware & Hudson	200	147½	159½	87	141½	83¾	145½	136½	141	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	144⅝	135¼	†138	7
Erie	61⅛	33½	59½	18¾	35⅜	7	34	30⅞	32¼	..
Do. 1st Pfd.	49¾	26¼	54¾	15⅛	49¼	11⅛	46⅞	39	42⅛	..
Do. 2nd Pfd.	89⅛	19½	45⅝	13⅛	46¼	7⅛	43¾	39⅛	†41	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	100⅝	50⅝	71⅜	66⅛	69¼	5
Hudson & Manhattan	..	..	..	..	29¼	20⅝	27⅜	23⅜	24	..
Illinois Central	162⅛	102¾	115	85¾	117⅞	80⅞	119⅝	113¾	117⅛	7
Interboro Rap. Transit	..	..	..	..	39¼	9½	34½	28¼	29	..
Kansas City Southern	50¼	21⅜	35⅛	13½	41¾	13	40½	33	37½	..
Do. Pfd.	75½	56	65½	40	59½	40	59⅝	57	59	4
Lehigh Valley	121¼	52½	87⅛	50⅜	85	39½	82⅝	74⅝	77	3½
Louisville & Nashville	170	121	141⅞	103	155	84¼	117¼	106	113⅞	6
Mo. Kansas & Texas	*51⅛	*17½	*24	*3⅛	84⅜	*¾	40¼	28¼	38	..
Do. Pfd.	*78⅜	*46	*60	*6½	75¾	*2	87¾	74¾	84½	5
Missouri Pacific	*77½	*21½	38½	19⅜	38⅞	8¼	41	30⅝	39⅛	..
Do. Pfd.	..	..	64⅞	37½	74	22¼	83¼	72½	80¼	..
N. Y. Central	147¾	90⅜	114¼	62½	119¾	64⅛	124¾	117½	121⅝	7
N. Y., Chi. & St. Louis	109¾	90	90¼	55	128	23¼	137¼	124	134	6
N. Y., N. H. & Hartf'd.	174¾	65⅝	89	21½	40⅞	9⅝	36⅜	29½	34½	..
N. Y., Ontario & W.	55⅜	25⅛	35	17	30½	14¼	27⅛	21½	25½	1
Norfolk & Western	119¼	84¼	147⅛	92⅝	133¼	84¼	132⅝	125⅜	128¾	‡7
Northern Pacific	159½	101¾	118⅞	75	99⅞	47⅞	71½	67⅛	69¾	5
Pennsylvania	75⅝	53	61⅛	40¼	50	32¼	48⅞	47	47	3
Pere Marquette	*36½	*15	38⅛	9½	73	12⅛	72	67	†70	4
Pittsburgh & W. Va.	..	..	40⅜	17¾	94	21⅛	73⅞	67⅛	70	..
Reading	89⅝	59	115½	60⅛	103	51⅞	82¼	74¼	77½	4
Do. 1st Pfd.	46¾	41¼	46	34	61	32⅞	39¾	36¼	†36½	2
Do. 2nd Pfd.	58¾	42	52	33¾	65½	33⅛	44	39½	†40	2
St. Louis-San Fran.	*74	*13	50½	21	65	10¾	73⅞	57½	71½	5
St. Louis Southwestern	40⅛	18½	32⅛	11	55⅞	10⅞	53¾	47	51½	..
Seaboard Air Line	27½	13¼	22⅜	7	24⅛	2⅛	25⅝	20⅜	23⅝	..
Do. Pfd.	56½	23½	58	15⅛	45½	3	43⅞	37⅜	40¾	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	108⅜	102	104⅝	6
Southern Railway	34	18	36¾	12½	79¾	24¾	92	77⅝	89½	5
Do. Pfd.	86⅞	43	85¼	42	85	42	92¾	83	90	5
Texas & Pacific	40½	10¼	29½	6½	70½	14	58⅛	43¼	54¾	..
Union Pacific	219	137¾	164⅜	101¼	154¾	110	153¼	147⅝	149	10
Do. Pfd.	118½	79¾	86	69	80	61¼	76	73⅞	†74¼	4
Wabash	*27⅞	*2	17½	7	24⅜	6	25⅝	20⅝	24⅝	..
Do. Pfd. A	*61¼	*6⅛	60½	30⅞	60¾	17	66	55¾	64⅜	..
Do. Pfd. B	..	..	32⅞	18	42⅜	12¼	45⅞	38½	45	..
Western Maryland	*56	*40	23	9¼	17⅛	8	17⅜	14¼	15	..
Do. 2nd Pfd.	*88¼	*58½	*58	20	30½	11	26¼	21¼	†22	..
Western Pacific	..	..	25½	11	40	12	39½	32½	37⅝	..
Do. Pfd.	..	..	64	35	86½	51½	94⅞	84½	93¾	6
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	18¼	6	16½	13¼	14½	..
Do. Pfd.	..	..	50⅝	16⅜	32½	9¼	31⅝	26⅝	28½	..

INDUSTRIALS

	1909-1912 High	Low	1914-1918 High	Low	1919-1924 High	Low	1925 High	Low	Last Sale Mar. 4	Div'd $ per Share
Adams Express	279	90	154½	42	93½	22	103¼	91	100	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	14	11	12¼	..
Allied Chem. & Dye	..	..	..	..	91¾	34	93¾	81⅝	89	4
Do. Pfd.	..	..	..	..	115⅜	83	120	117	†118½	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	73⅝	26½	82¾	71½	75¼	4
Do. Pfd.	43	40	92	32½	104⅞	67½	107	103¼	†105	7
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7⅛	21⅞	13⅝	19½	..
Do. Pfd.	105	90	103½	89⅛	103	18¾	55⅞	40¼	51	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	43	39	41	4
Am. Bosch Magneto	..	..	..	..	143⅞	22¼	54½	33	38½	..
Am. Can	47⅝	6⅞	68½	19¼	163½	21¾	184½	158⅛	178	‡5
Do. Pfd.	129¾	98	114½	80	119	72	119⅛	115	†119¼	7
Am. Car & Foundry	76½	36½	98	40	201	153½	221	192	219	12
Do. Pfd.	124¾	107½	119½	100	126⅛	105¾	125½	121½	124½	7
Am. Express	300	94¾	140½	77½	175	76	166	146½	151¾	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	14	11⅜	12⅝	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	75⅞	67	73½	..
Am. Ice	..	..	49	8⅞	122	37	93½	85	88	7
Am. International	..	..	62¾	12	132¾	17	41	33	36½	..
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	66½	53	63⅛	..
Am. Locomotive	74¾	19	98¼	46⅝	136¾	58	144	104½	141½	8
Do. Pfd.	122	75	100	93	122¼	96½	124	119¾	†122½	7
Am. Metal	..	..	..	..	55⅞	38¼	53⅜	48⅜	49½	3
Am. Radiator	*500	*200	*445	*235	*345	64	103	89⅞	97½	4
Am. Safety Razor	..	..	..	..	40⅝	*3½	46½	36⅞	43	3
Am. Ship & Commerce	..	..	..	..	47½	4¼	14½	11⅛	13⅛	..
Am. Smelt. & Ref.	105½	56⅜	123¾	50¼	100⅜	29¼	106⅝	92½	100	6
Do. Pfd.	116¾	98¼	118⅛	97	109⅝	63¼	110⅝	105½	109	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	54⅞	46	52⅞	3
Do. Pfd.	..	..	..	..	109¼	78	110¾	103	110¼	7
Am. Sugar Refining	136⅜	99⅞	126½	89⅛	148⅜	36	69½	47⅝	66	..
Do. Pfd.	133½	110	123½	106	119	67½	101½	91	100½	7
Am. Sumatra Tobacco	..	..	145¾	15	120½	6⅜	24½	10¼	16¼	..
Do. Pfd.	..	..	103	75	105	22½	56	37½	†38	..
Am. Tel. & Tel.	153⅜	101	134½	90⅜	134¾	92⅛	136⅜	130⅝	134⅞	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale Mar. 4	Div'd $ per Share
Am. Tobacco	*530	*200	*256	*123	*314½	82½	91½	85	87½	7
Do. Com. B	..	..	..	..	*210	81¼	89⅞	84½	87½	7
Am. Water Wks & Elec.	..	..	..	..	*144	*4	39⅞	34⅜	37⅜	80c
Am. Woolen	40⅝	15	60⅞	12	169½	51¼	64¼	48⅜	50¼	..
Do. Pfd.	107¼	74	102	72½	111⅜	88½	96⅛	85⅝	90	7
Anaconda Copper	54⅜	27½	105⅜	24¼	77⅞	28½	48	41	42	75c
Associated Dry Goods	..	..	28	10	140½	48	193	128	180	5
Do. 1st Pfd.	..	..	75	50½	94	49⅞	99	94	†99	6
Do. 2nd Pfd.	..	..	49½	35	102⅜	38	105	101	†103	7
Associated Oil	..	..	*78¾	*52½	*142	24⅞	39½	33	36½	1½
Atl. Gulf & W. Indies	18	5	147¾	4½	102⅜	9¼	41	20	39	..
Do. Pfd.	32	10	74¾	9⅞	70½	6¾	47¾	31	46¼	..
Atlantic Refining	..	..	..	..	*1575	78½	117½	95½	114⅞	..
Austin Nichols	..	..	..	..	40⅜	8	32½	25½	27½	..
Do. Pfd.	..	..	..	..	91	50⅝	92⅛	87⅜	92⅛	7
Baldwin Locomotive	60⅜	36½	154½	26⅝	156⅛	62¼	146	126¼	138¼	7
Do. Pfd.	107½	100¼	114	90	118	92	116⅝	113¼	†114	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37¾	53½	45¼	46⅛	..
Do. 7% Pfd.	80	47	186	68	108	87	102	95½	†98	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	116½	110½	113½	8
Bklyn Edison Electric	134	123	131	87	124⅜	82	133	120⅝	128	8
Brooklyn Union Gas	164½	118	138¾	78	128	41	83⅞	75½	79	4
Burns Brothers	45	41	161½	50	147	76	103⅜	92½	†99	10
Do. B	..	..	..	..	53	19⅝	23½	18¼	†19⅞	2
Butte & Superior	..	..	105¾	12¼	37⅞	8	24¼	18	19	..
California Packing	..	..	50	30	106¼	48¼	110	100½	106	6
California Petroleum	72½	16	42⅝	8	71⅞	15¾	30⅞	23⅞	29¾	1¾
Do. Pfd.	95½	45	81	29½	110½	63	109¼	100	109¼	7
Central Leather	51¼	16½	123	25⅞	116½	9⅝	21¼	18⅝	18¾	..
Do. Pfd.	111	80	117½	94⅞	114	28⅛	66	55	59¼	..
Cerro de Pasco Copper	..	..	55	25	67½	23	55½	50½	51⅞	4
Chandler Motor	..	..	109⅞	56	141¼	26⅞	36⅞	28½	32¼	3
Chile Copper	..	..	39¼	11¼	38⅜	7¼	37⅛	34⅝	34¼	2½
Chino Copper	50⅜	6	74	31⅜	50⅞	14¼	28⅛	24½	†24½	..
Coca Cola	..	..	..	..	83⅜	18	92¼	80	90½	7
Colorado Fuel & Iron	53	22½	66½	20½	56	20	48¼	41	43⅞	..
Columbia Gas & Elec.	..	..	54½	14¼	114⅞	30¼	59	45¾	55¾	2.60
Congoleum-Nairn	..	..	..	..	*184⅜	32⅜	43½	38⅜	40¼	3
Consolidated Cigar	..	..	..	..	80	11⅜	32⅝	26½	29½	..
Consolidated Gas	*105¼	*114½	*150½	*112½	*145¼	56¾	78⅞	74⅝	76⅜	5
Continental Can	..	..	*127	*37½	*131¾	*34⅜	70½	62	65½	4
Corn Products Refining	26½	7⅜	50½	7	160½	31½	41⅝	38⅛	39⅝	2
Do. Pfd.	98½	61	113½	58⅝	123¾	96	123	118½	†121	7
Cosden Co.	..	..	..	..	62¼	22½	35⅜	26¾	34	..
Crucible Steel	19⅝	6½	109⅞	12¼	278½	48	79¼	68¼	76	4
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅝	14⅝	12¼	13½	..
Do. Pfd.	..	..	100½	77¼	87⅞	13⅛	62¾	56⅛	60	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	33¼	29½	31½	3
Cuyamel Fruit	..	..	..	..	74½	45¼	55½	50	53	4
Davison Chemical	..	..	..	..	81¼	20⅜	49¾	41⅜	48⅜	..
Dupont de Nemours	..	..	..	..	169¾	105	154	134¼	149	10
Eastman Kodak	* No Sales		*605	*805	*690	70	118	110⅛	112	15
Electric Storage Battery	*64¼	*42	*78	*42¾	*153	37	70¾	62⅛	65⅛	†4
Endicott-Johnson	..	..	..	..	150	44	72	67	69¾	5
Do. Pfd.	..	..	..	..	119	84	116¾	112½	†112	7
Famous Players-Lasky	..	..	..	..	123	40	103½	90¼	98¾	8
Do. Pfd.	..	..	..	..	108½	66	110	103⅞	106¼	8
Fisher Body	..	..	43	25	240	75	68⅜	60¼	65⅛	5
Fisk Rubber	..	..	..	..	55	5½	13⅝	11	12¼	..
Do. 1st Pfd.	..	..	..	..	86	38⅛	85½	75½	82¾	1
Fleischmann Co.	..	..	..	..	90¼	37⅜	86½	76	78⅜	4
Foundation Co.	..	..	..	..	94⅝	58½	109¼	89½	102	8
Freeport-Texas	..	..	70½	25¼	64⅜	7½	11¼	9⅜	9½	..
General Asphalt	42⅞	15½	39⅜	14¾	160	23	63⅜	53¼	55	..
General Cigar	..	..	..	..	98⅝	47	101¾	94½	101¾	8
General Electric	188½	129¾	187¼	118	322	109½	320	227¼	247	8
General Motors	*51¼	*25	*850	*74½	66⅞	*8⅛	79	64⅝	74	6
Do. 7% Pfd.	..	..	..	..	103½	95⅛	108⅞	102	107⅞	7
General Petroleum	..	..	..	..	45	38⅜	57½	42	56¼	2
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	93⅜	17	53¾	36⅜	51	..
Do. Pfd.	109¾	73⅜	110¾	79⅞	109½	62½	98	92	98	7
Goodyear T. & R. Pfd.	..	..	..	..	90⅝	35	99½	86⅛	98¾	..
Do. prior Pfd.	..	..	..	..	108⅛	88	107	103¼	106¾	8
Granby Consolidated	78¼	26	120	58	80	12	21¼	18	18½	..
Great Northern Ore Ctfs.	88½	25⅛	50¾	22½	52¾	24⅞	40½	35⅜	37½	4
Gulf States Steel	..	..	137	58¾	104⅝	25	94⅞	84	88½	5
Hayes Wheel	..	..	..	..	52⅞	31	43¾	35¾	36¾	3
Houston Oil	25½	8¼	86	10	116½	40⅛	85	77	79	..
Hudson Motor Car	..	..	..	..	36	19½	44½	33¾	43¾	3
Hupp Motor Car	..	..	11¾	2½	29½	4⅜	19¼	14½	16	1
Inland Steel	..	..	..	..	48⅜	31⅛	50	45½	46	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	22⅛	29¾	26½	27⅛	..
Interboro Rapid Transit	..	..	..	..	39¼	9½	34½	28¾	29	..
Inter. Business Mach.	..	..	52⅜	24	118⅞	28¾	125	112	118⅞	8
Inter. Combustion Eng.	..	..	..	..	39	19⅜	43⅛	31¾	41⅜	2
Inter. Harvester	..	..	121	104	149⅜	66¾	110⅞	102	106	5
Inter. Merctl. Marine	9	2⅛	50⅜	⅜	67¾	4⅞	14⅞	11½	12	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	52¾	42⅞	45⅞	..
Inter. Nickel	*227¼	*135	57½	24½	33⅞	10⅜	28⅝	25¼	26⅝	..
Inter. Paper	19¾	6½	75½	9½	91¾	27⅞	62	53⅝	54¼	..
Kelly-Springfield Tire	..	..	85¼	36⅞	164	9¾	17¾	14⅝	16	..
Do. 8% Pfd.	..	..	101	72	110¼	32	51	41¾	48½	..
Kennecott Copper	..	..	64¼	25	57¾	14⅜	57⅜	51⅞	53	3
Kinney (G. R.) Co.	..	..	..	..	86⅛	35½	87	75	†77	..
Lima Locomotive	..	..	..	..	74⅞	52	74⅜	64¼	69	4
Loew's, Inc.	..	..	..	..	38⅜	10	25	22	23⅜	2
Loft, Inc.	..	..	..	..	28	5⅛	8	6	7⅛	..
Lorillard (P.) Co.	*215½	*150	*239⅞	*144½	*245	33⅜	36¼	30¼	34¾	3
Mack Trucks	..	..	..	..	170	25½	148¾	117	140	6
Magma Copper	..	..	..	..	45⅝	26⅛	44½	38⅝	40	..
Mallinson & Co.	..	..	..	..	45	8	37½	27	29	..
Maracaibo Oil Explor.	..	..	..	..	37½	16	35½	27¼	31	..
Marland Oil	..	..	..	..	59⅝	12⅛	46¼	38¼	42⅜	..
Maxwell Motors, Class A	..	..	..	..	84½	36	86½	74⅝	84¾	..
Do. Class B	..	..	..	..	39¾	8	49⅛	33¼	47½	..

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New York Stock Exchange

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1924 High	Low	1925 High	Low	Last Sale Mar. 4	Div'd $ per Share
May Department Stores.	*88	*65	*97½	*35	*174¾	*60	111¾	102¾	106	5
Mexican Seaboard Oil..	..	..	..	..	34½	5¾	22½	14¾	15⅞	..
Miami Copper	30¼	12¾	49¾	16⅛	32¾	14½	24⅜	16	16¾	2
Montgomery Ward	..	..	..	..	48½	12	55⅝	46⅛	47¾	..
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	75	66	68	‡3
National Dairy Prod.	..	..	..	..	44½	30⅛	48⅜	42	46½	3
National Enam. & Stamp.	30¼	9	54½	9	89½	18½	36⅞	33	34	..
National Lead	91	42½	74⅝	44	169¼	63½	166⅞	155½	158¼	8
N. Y. Air Brake	98	45	136	55⅞	145¾	26⅝	56½	49½	51	4
Do. Class A	..	..	..	..	57	45⅛	57½	54½	†55½	4
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	30⅞	25¾	27	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	49	41⅞	48	8.40
Do. Pfd.	..	..	..	..	50¼	31⅞	49	46⅝	48¾	3
Pacific Oil	..	..	..	..	69⅜	27½	65¼	53¾	61⅜	2
Packard Motor Car	..	..	..	..	21	9⅞	19⅞	15	18¼	‡1.20
Pan.-Am. Pet. & Trans.	..	..	70¼	35	140¼	38⅛	83⅞	64	80¼	6
Do. Class B	..	..	..	..	111¾	34⅛	84½	63⅜	82	6
Philadelphia Co.	59¼	37	48⅞	21½	57½	26½	57½	52½	54½	4
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	52½	46¼	46¾	..
Phillips Petroleum	..	..	..	..	69⅝	16	46⅜	36⅝	43⅜	2
Pierce-Arrow	..	..	65	25	99	6⅛	15	11⅞	12¼	..
Do. Pfd.	..	..	109	88	111	13½	51¼	45½	48⅞	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	45	54½	48⅞	51	..
Postum Cereal	..	..	..	..	134	47	107⅝	93¼	103	4
Pressed Steel Car	56	18⅛	88¼	17¼	113¾	39	69	56½	59	..
Do. Pfd.	112	88½	109⅛	69	106	67	92½	85	86	7
Pub. Serv. N. J.	..	..	..	..	70	39	72	67½	69¾	5
Pullman Company	200	149	177	106½	151⅜	87¼	151¾	135⅛	139	8
Punta Alegre Sugar	..	..	51	29	120	24¾	47⅛	39½	43½	5
Pure Oil	..	..	143¾	31⅞	61⅞	16¼	33¾	29¼	31⅛	1½
Radio. Corp. of Am.	..	..	..	..	66⅞	25⅞	77⅞	57¼	63¾	..
Railway Steel Spring	54½	22¼	78½	19	137½	67	141¾	122½	134	8
Do. Pfd.	113⅜	90¼	105½	75	121½	92½	120	117	†115	7
Ray Consol. Copper	27½	7½	37	15	27½	9⅜	17⅜	14⅜	15⅜	..
Replogle Steel	..	..	..	..	93½	7¼	23¼	16	18⅜	..
Republic Iron & Steel	49½	15¾	96	18	145	40⅛	64⅜	49¾	53¼	..
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	95	90⅛	91	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	57⅜	51⅛	54⅝	4.42½
Savage Arms	..	..	119¾	39⅞	94½	8⅞	108⅜	83	100	..
Schulte Retail Stores	..	..	..	..	129¼	88	116⅞	110	112	§8
Sears, Roebuck & Co.	124¾	101	233	120	243	54¼	172⅞	148	156	6
Shell Trans. & Trading	..	..	..	..	90¼	29⅛	45¾	41	43¼	2.06
Shell Union Oil	..	..	..	..	22½	12⅛	28⅜	22½	25⅞	1.40
Simmons Company	..	..	..	..	37	22	38½	32⅝	34½	2
Simms Petroleum	..	..	..	..	24	6½	26¾	20¼	23	50c
Sinclair Consol. Oil	..	..	67⅛	25¼	64¼	15	24⅞	17	22	..
Skelly Oil	..	..	..	..	35	8⅜	30½	24⅛	27⅞	..
Sloss-Sh. Steel & Iron	94⅝	23	93¾	19½	89	32⅛	97	82	93	6
Standard Oil of Calif.	..	..	..	..	135	47⅛	67⅛	61⅜	62⅝	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	47½	40¼	44½	1
Do. Pfd.	..	..	..	..	119⅝	100⅛	119	116¾	117½	7
Stewart-Warner Speed.	..	..	*100½	*43	*181	21	77⅞	67½	69¼	5
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	79¾	66	†66	6
Studebaker Company	49½	15¾	195	20	151	30½	46⅜	41¼	44	4
Do. Pfd.	98⅛	64½	119½	70	118¼	76	114⅜	114	†110¼	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	9¾	8⅜	8½	..
Texas Co.	144	74½	243	112	57¾	29	49	42¾	47½	..
Texas Gulf Sulphur	..	..	..	..	110	82⅝	112½	97½	108¼	‡7
Tex. & Pac. Coal & Oil.	..	..	..	..	195	5½	23⅜	11½	20⅛	..
Tide Water Oil	..	..	225	105	275	94	152	130	146½	4
Timken Roller Bearing	..	..	..	..	45	28½	44½	38⅛	41⅝	‡3
Tobacco Products	145	100	82¾	25	115	45	80⅛	70	79	6
Do. Class A	..	..	..	..	93½	76½	98⅞	93⅛	98½	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	5½	3⅞	4⅞	..
Union Oil of Calif.	..	..	..	..	39	35	43⅜	37¼	40⅜	1.50
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	81¼	60¼	79	3¼
United Drug	..	..	90⅞	64	175⅛	46¼	120¾	110⅞	117	6
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	54½	52	52½	3½
United Fruit	208½	126½	173	105	224⅞	95¾	231	207	215⅜	10
United Ry. Investment	49	16	27½	4¼	41	6	26¾	19	†21	..
Do. Pfd.	77	30	49¼	10½	64⅞	14	61	53⅛	†54	..
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7¾	169⅝	10½	250	160	230	..
Do. Pfd.	84	40	67½	30	104¼	38	112½	103½	†106	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35¼	88	77⅜	82¼	..
U. S. Realty & Imp.	87	49¾	63¾	8	143½	17¼	131¾	120	126	8
Do. Pfd.	..	..	..	..	143	97½	130½	122¼	†126	7
U. S. Rubber	59½	27	80½	44	143¾	22½	44⅝	39⅜	41¾	..
Do. 1st Pfd.	123½	98	115¼	91	119½	66½	97⅞	94¼	95½	8
U. S. Smelt., Ref. & Min.	59	30⅜	81½	20	78¼	18⅜	39	30	34¾	..
U. S. Steel	94⅞	41¼	136⅝	38	121	70¼	129⅝	119¾	122⅞	‡5
Do. Pfd.	131	102½	123	102	123½	104	120⅝	122½	123¾	7
Utah Copper	67½	38	130	48½	97½	41¼	92	86	88½	4
Utah Securities	..	..	27⅜	9⅛	46	7	54½	41⅛	53	..
Vanadium Corp.	..	..	..	..	97	19⅛	31¾	26⅛	29	..
Western Union	86¼	56	105½	53⅜	121¼	76	124⅝	116¼	121	7
Westinghouse Air Brake	141	132½	143	95	124½	76	114	103	106	6
Westinghouse E. & M.	45	24¾	74⅞	32	71⅜	38⅞	84	69⅝	72	4
White Eagle Oil	..	..	..	..	34	20	31¾	28	28½	2
White Motors	..	..	60	30	86	29¼	76	61⅞	64	4
Willys-Overland	*75	*50	*325	15	40¼	4½	11⅝	9⅛	11¼	..
Do. Pfd.	..	..	100	69	98¼	23	84½	72¼	82½	..
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	9⅞	6¾	9	..
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81½	*345	72½	125⅞	112¼	115¼	3
Worthington Pump	..	..	69	23½	117	19⅞	79¾	62¼	69½	..
Do. Pfd. A	..	..	100	85⅞	98½	65	88	85	86½	7
Do. Pfd. B	..	..	78¾	50	81	53½	76½	70¾	†73¾	6
Youngstown Sh. & Tube	..	..	..	..	80	59¼	76½	70	74½	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. ¶ Partly stock.

ANSWERS TO INQUIRIES

(Continued from page 856)

proved to your advantage. If you are prepared to disregard fluctuations, the outlook justifies the opinion it will continue to prove the better policy.

HUPP MOTOR CAR

New Straight 8 Model

With the motor industry apparently entering a more active period, do you consider Hupp Motors in a position to get a full share of the larger business? I have held this stock for several years and I am well satisfied with it from an investor's point of view, but when I bought it originally I felt it had large speculative possibilities.—M. N. W., Chicago, Ill.

Hupp Motor stock we consider to have good speculative possibilities at the present time. The company has shown ability to maintain its position in the automobile industry and we believe will continue to do well. Recently a new Straight 8 Model was brought out and has met with a favorable reception, resulting in increased orders. Stocks of automobile companies must be regarded as highly speculative, in view of the keen competition in this industry, but as a speculation we believe Hupp Motors is a desirable holding.

DOME MINES

Switch Suggested

What do you consider the outlook for Dome Mines? Is the dividend safe in view of probable increased operating costs?—H. A. S., Washington, D. C.

It is true that in periods of inflation gold mining companies are affected because the cost of operating the mines increases and there is no corresponding increase in the value of the product. However, we do not believe there will be any undue inflation in the immediate future and see no reason for disposing of good gold mining stocks. In the case of Dome Mines, however, it appears that this property has already used up its richest ores and will have to work on lower grade ores than has been the case in the past. While in a mining property such as this there is always the possibility that further development work will uncover richer values, it is our opinion that McIntyre Porcupine has a more definitely assured future and we suggest a switch.

PIERCE OIL

Speculative Possibilities

Please give me your opinion regarding Pierce Petroleum—if you think it will ever get to paying dividends. Do you think I was well advised to exchange my Pierce Oil for Pierce Petroleum?—D. A. P., Albany, N. Y.

Pierce Petroleum undoubtedly has valuable properties and under the present management we should say that there are good prospects of a satisfactory earning power being developed. The troubles of the Pierce Oil Co. in the past were largely brought about by poor management. At present prices we should rate

Pierce Petroleum stock as a fair oil speculation, and in view of the improved oil outlook advise holding the stock if you can afford to assume the risk involved. We do not believe you have made any mistake in agreeing to exchange your Pierce Oil stock for Pierce Petroleum.

AMERICAN BEET SUGAR

Great Western Sugar Suggested

I have 100 shares of American Beet Sugar Corporation which I could sell for about $700 profit, but I note the creeping advance in raw sugar prices, particularly the late 1925 options. This suggests higher prices in sugar and for sugar stocks. What is your advice? —G. A. M., New York City.

While we do not look for any important advance in the price of sugar from present levels we believe that the recent increase will be held and perhaps slightly bettered. American Beet Sugar stock has speculative possibilities at present levels but we feel you would be better off in Great Western Sugar, paying $8 per share per annum, and selling around 99. By making the switch your return would be somewhat less, but on the other hand the degree of safety would be decidedly increased. Great Western Sugar is the largest producer of beet sugar in the country and its financial position is so strong that it could well afford to maintain dividends through an unfavorable year in the sugar industry.

WHITE EAGLE OIL

Earned $2.23 a Share

Will you advise me regarding White Eagle Oil, the market outlook and the extent to which the company should share in the new activity in the Petroleum Industry? Would you advise me to hold the stock indefinitely? —W. S. K., Chicago, Ill.

Despite the unfavorable conditions existing in the oil industry in 1924, White Eagle Oil & Refining earned $2.23 a share after liberal deductions for depreciation and depletion. White Eagle has a well-rounded organization, being a refiner and distributor as well as large producer of oil. We believe the company will receive its share of the greater prosperity facing the oil industry and consider the stock a good long-pull holding. It is never well to say that you intend to hold a stock indefinitely, for conditions are constantly changing, and companies that are in a good position now may not be as favorably situated a year from now. Constant vigilance is the price of safety.

BURNS BROS.

Small Margin Over Dividends

With the peak of the coal burning season passed what is your opinion of Burns Bros. A stock? It cost me 94 and the yield is nearly 11 per cent. Should not the stock sell on a lower basis?—M. C. W., Washington, D. C.

The earnings of Burns Bros. give sufficient reason why the stock is selling on so liberal a yield basis. For the year ended March 31, 1924, $10.30 a share was earned on the class A stock compared with $9.18 a share in the previous year. In view of these earnings the dividend rate of $10 a share appears unduly high and cannot be re-

garded as well protected. This winter, it is estimated, the company did slightly better than last year, but the improvement was not sufficiently marked to strongly fortify the present dividend. Under the circumstances, our advice is to accept the profit your commitment shows you.

ORPHEUM CIRCUIT

Value of Good Will

Please advise me regarding my holdings of Orpheum Circuit. I notice that they carry their good will item at $18,000,000. Isn't this arbitrary figure decidedly high?—M. M. E., Newark, N. J.

It is difficult to estimate what good will of any company may be worth. As a matter of fact the most important factor in determining the value of good-will would necessarily be earning power. If a company has demonstrated a substantial and well-established earning power, stockholders do not need to feel nervous because tangible assets behind their stock are small. Probably $18 million is rather a high figure to place on the good will of Orpheum Circuit, but as the company earned $4.29 a share in 1924 against $1.87 a share in 1923, it is obviously making progress and the stock is not unattractive at present levels of 29.

JEWEL TEA

Back Dividends on Preferred

Why does not Jewel Tea resume dividends on its stock considering it earned about $24 a share on the preferred last year and $17 the same year before?—O. V. K., Brooklyn, N. Y.

On February 11th this year, the directors of Jewel Tea voted a distribution of $4.25 a share on the preferred stock, payable April 1st to holders of record March 20th. Of this, $2.50 a share represented payment of accruals, and the remaining $1.75 a share was quarterly distribution. As accumulated back dividends on the preferred stock amount to 34¼%, which must be paid off before the common stock can receive anything, the latter is probably still some way from dividends. The company, however, has shown steady progress for the past two years, and has materially improved financial condition. As a long-pull speculation, the common stock is not without prospects of appreciation in value.

COLUMBIA GAS

Profit Taking Advised

The 12-point rise in Columbia Gas & Electric almost induces me to part with my stock which you recently recommended I hold. It stands me about 36. Do you still advise against selling?—D. A. F., Detroit, Mich.

While Columbia Gas & Electric Company has a well-stabilized income, and earnings have continued on the upgrade, nevertheless we feel that at present levels the stock has discounted the favorable factors in the situation, and believe that there are better opportunities in other issues. Our advice, therefore, is that you accept your profit at this time. A good switch

would be National Dairy Products, paying $3 a share per annum and selling around 46. This company's business in the past has not been adversely affected by general business depressions, and earnings have shown a steadily increasing tendency. Last year the $3 dividend was earned about twice over.

PAIGE-DETROIT

Decline in Earnings

What is the reason for Paige Detroit paying up $20,000,000 as the amount Carson may dividend? Does it mean the end of the rather unreasonable expansion in capitalization? What in your opinion would this mean for the stock?—E. M. C., Boston, Mass.

Paige-Detroit Motor Car for the year ended December 31st, 1924, earned 1.9 million as compared with 2.4 million for the previous year. However, when the fact is considered that 1924 was not as good an automobile year as 1923 and that the company spent approximately 1 million for development expenses incidental to bringing out a new line of Paige and Jewett cars, earnings of last year must be regarded as satisfactory. At the end of 1922 the company declared a 100% stock dividend and at the close of 1923 a 50% stock dividend, bringing the outstanding shares up to 600,000. This appears a liberal enough capitalization for the company and it is probable that from now on only small stock dividends will be paid out. What the stock will do in the future will naturally depend on earning power. In view of the very keen competition now existing in the automobile industry we regard the stock as highly speculative, but, at present levels of 17, it is not without prospects of appreciating in value.

THE CO-OPERATIVE IDEA IN HOME-OWNING

(*Continued from page 848*)

to prefer less labor and more conveniences.

As cooperative apartment homes are now being erected, furthermore, many conveniences are attached to them which the individual-home owner would be unlikely to enjoy. For instance, it is not unusual for the co-operative project to include tennis courts, tea rooms, dance rooms, etc.—none of them essential, but all helping to make life more livable.

Financial Aspects of the Plan

Fundamentally, there is no difference between individual-home ownership in a restricted section and apartment-home ownership on the co-operative plan. There is the same freedom of action, within the home, in both cases; there are the same privileges of complete possession. As regards the exterior of the home, the apartment owners are limited no more closely than the home owner who

dwells in a carefully restricted section; and although it is generally the rule that one's apartment-home neighbors must approve before an apartment home may be sold to a would-be buyer, the final effects of this are probably not much more confining than the restrictions put on the sale of limited property in the suburbs. Authority as to maintenance, upkeep, improvements, etc., is joint rather than individual, to be sure; but so is the responsibility therefor; and the one offsets the other.

These things being so, it follows that the financial appeal of home owning may be measured by almost exactly the same standards as those applied in purchasing a single dwelling. The same factors of location, price, carrying costs, marketability, etc., enter in—with the advantage that, due to the comparatively standardized nature of the individual apartment in a co-operative building, its value in terms of its income-producing capabilities may often be determined beforehand with considerable more accuracy than in the case of a single dwelling.

Securities Analyzed
In This Issue

INVESTING TO OBTAIN A MONTHLY INCOME

(*Continued from page* 828)

pose. Obviously, there is no restriction upon the number of these combinations.

Probably the most commonly sought arrangement would be one designed to yield a regular monthly return. The accompanying list has been prepared with this end in view. It will be observed that this table makes up a well diversified outline of sound, second-grade investment issues. High-grade bonds have been avoided as these are not recommended under existing money market conditions. Several preferred stocks are included to increase the yield and to aid in achieving the proper distribution of income return.

With a total investment of less than ten thousand dollars, the holder of these securities would receive equal payments on the first of every month in the year. Figuring bond yields on a straight basis, the average return is 6.11% on the entire list. A larger sum could be invested just as effectively by increasing the amount of the individual commitments. However, where the principal available totals thirty thousand dollars or more, it would be advisable to add other securities in order to maintain a high degree of diversification. The inclusion of some better grade common stocks would be justified in the case of large investors.

Individual needs may dictate some other method of income distribution than the one here suggested. It may be advantageous, for example, to receive larger payments on certain dates than on others. Income taxes, life insurance premiums, Christmas presents, and the like can be provided for by giving a little forethought to the matter of interest and dividend dates. Although most of these payments are made, as already indicated, on the first of the month, many bond coupons mature on the fifteenth. Preferred and common stock dividends quite frequently are paid at odd times.

Those who already hold a number of securities may rearrange their lists. Though they may not at once obtain a well distributed rate of income, it will be found that some improvements can be put into effect. This, of course, is to be done by discovering what securities, of equal grade, can be substituted for those now held without lowering the standard of the original list.

Whatever the plan adopted, however, first thought should always be given to fundamental principles. That is to say, the investor's desire to secure a regular monthly, or other type, of income should not lead him to sacrifice the more important consideration of safety. If sound issues cannot be found to serve the requirements, weak securities should not be substituted.

PAN AMERICAN PETROLEUM & TRANSPORT CO.

(Continued from page 854)

wells, pipe-lines, topping plants, refineries and ships, and recently has gone into the retail selling field on a large scale. It has made plans to market 200,000,000 gallons of gasoline this year. In the first six months of 1924 the company marketed 94,000,000 gals. of gasoline through its own sales department or more than one-half the amount which it formerly contracted and sold to several major marketing companies. During last year the company opened more than 100 gasoline retail stations. Gasoline will come from Pan-American's own refineries at Tampico, New Orleans and Los Angeles.

The Teapot Dome Litigation

Decision of the U. S. District Court that the trial in the Teapot Dome litigation should commence on March 9th is regarded as a distinct victory by the defendants.

The Government's case is not generally regarded as a strong one by the legal fraternity and the Government's inability to obtain the testimony of several important witnesses who are abroad, makes the case that much more difficult to prove.

That the case, however, will not prove to be a staggering setback in the event of an unfavorable decision, is evident from the fact that January gross earnings totaled $8,338,000 and rivaled the largest previous month in the company's history. Pan-American, of course, is deriving no income from the properties under dispute.

Notwithstanding that official confirmation is lacking, the report persists that Pan-American is looking forward to some sort of affiliation or merger with California Petroleum. E. L. Doheny is the father of both companies and an amalgamation would be natural and logical. It would put Pan-American in the very first rank of the world's greatest producers, fabricators and dispensors of petroleum and its by-products.

Selling at 80 Pan-American's common stock returns approximately 7.5% on the investment. From a strict investment basis the price would seem high enough for an oil stock but there is the outlook to take into consideration. If the present year is as good as indicated the company should be able to earn from $10 to $12 per share on its outstanding junior issues, in which event a higher range of prices would be warranted and would undoubtedly mature for the common and "B" stocks.

For Feature Articles to Appear in the March 28th Issue See Page 807

Can Par for Sterling Be Maintained?

By Dr. H. G. Moulton

Director Institute of Economics

"THE prospective early return of Great Britain to the gold standard, with her money henceforth quoted at par with the dollar, has given rise to some interesting discussion of monetary and trade problems. Some of the difficulties involved are of a temporary nature, while others are of continuing importance.

"In order to get at once at the heart of the problem, it is necessary to understand that the maintenance of sterling exchange at a par with gold will require that Great Britain shall henceforth stand ready to meet all her external obligations in gold. All arbitrary control over the export of gold from Great Britain must in due course be abandoned, making her once more a free gold market. As a long run problem Great Britain's ability to maintain parity will, therefore, depend upon her international income from trade and specie operations—upon

what is often referred to as the balance of payments.

"If the proceeds derived from the sale of exports, from interest on foreign investments, from the tourist trade, and from shipping, banking, and insurance operations equals, or exceeds, the cost of necessary imports plus the obligations on account of the war debt, Great Britain will have no real difficulty in maintaining her exchange at par. If, on the other hand, her income from the sources mentioned proves to be less than the necessary outlays for imports and for war debt, there will be a drain upon her gold supply which would shortly lead to the depreciation of her exchange.

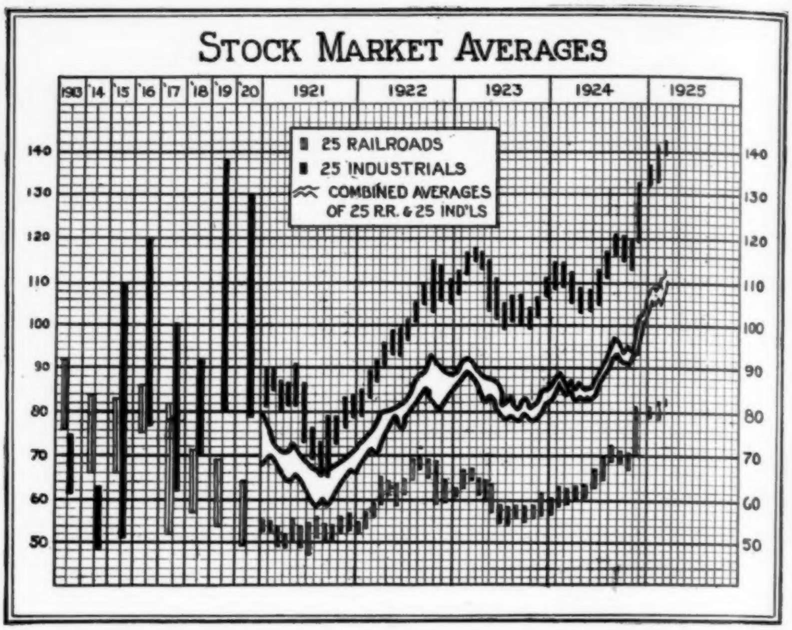
"Another angle of the problem is the budget and internal monetary situation. An unbalanced budget would result in monetary inflation with consequent repercussions in the exchange market. Fortunately the British budget is, for the present at least, manageable, and hence this possible disturbing factor may be eliminated from the analysis.

"I have said that the problem has its temporary as well as its long-run aspects. It is in fact the temporary one which has given rise to most concern. The anticipated rise of sterling to par has naturally been accompanied by a very considerable volume of exchange purchases by speculators who hope to sell it at a profit when sterling reached par. While the amount of such speculative holdings is unknown, there is some genuine concern lest the dumping of a large volume of such exchange upon the market would break the price at the very moment when its maintenance is of paramount importance. A temporary outflow of gold and temporary purchases of exchange with a view to stabilize the market will, no doubt, be necessary.

"Great Britain is, of course, endeavoring to strengthen her position for meeting this shock. Whether it can be done without the cooperation of American banking interests is a question. As a safeguard, American bankers should agree temporarily to loan to Great Britain any balances due in this country.

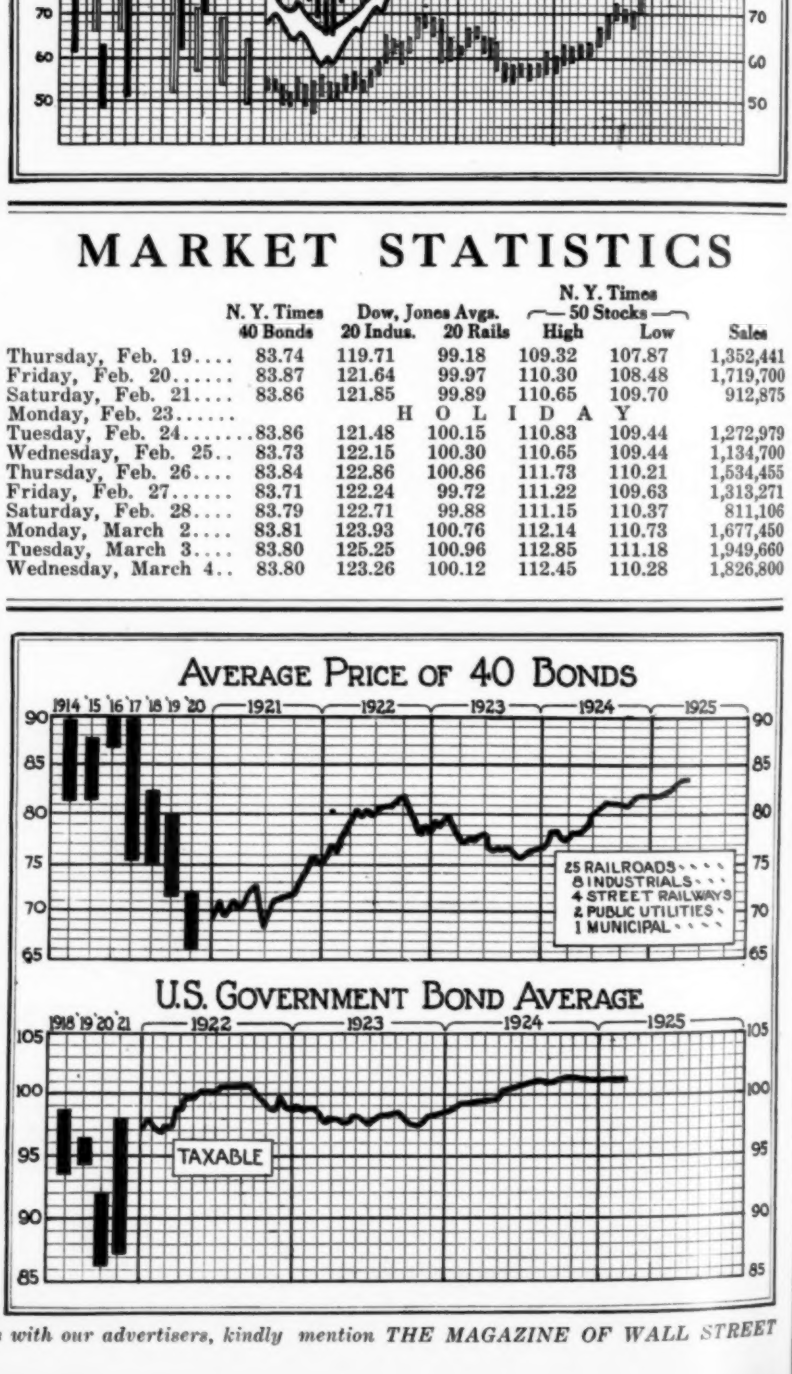
"The second cause of concern is to be found in the expected state of the balance of payments this year. The recent rise in the price of raw materials and foodstuffs has enormously increased the cost of Britain's necessary imports. A gain to our agricultural communities resulting from the high price of grain has laid a very heavy burden upon Great Britain. In consequence of this development, there is some doubt whether in the year 1925 Great Britain will be able to meet the cost of her imports and interest obligations without recourse to borrowing operations.

"On the whole, and particularly in view of the probability of effective cooperation on the part of American banking interests in the case of need, it appears that the return to parity can be effected during the year."



MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	20 Rails	N. Y. Times — 50 Stocks — High	Low	Sales
Thursday, Feb. 19....	83.74	119.71	99.18	109.32	107.87	1,352,441
Friday, Feb. 20......	83.87	121.64	99.97	110.30	108.48	1,719,700
Saturday, Feb. 21....	83.86	121.85	99.89	110.65	109.70	912,875
Monday, Feb. 23......		H O	L	I D	A Y	
Tuesday, Feb. 24.......	83.86	121.48	100.15	110.83	109.44	1,272,979
Wednesday, Feb. 25..	83.73	122.15	100.30	110.65	109.44	1,134,700
Thursday, Feb. 26....	83.84	122.86	100.86	111.73	110.21	1,534,455
Friday, Feb. 27......	83.71	122.24	99.72	111.22	109.63	1,313,271
Saturday, Feb. 28....	83.79	122.71	99.88	111.15	110.37	811,106
Monday, March 2....	83.81	123.93	100.76	112.14	110.73	1,677,450
Tuesday, March 3....	83.80	125.25	100.96	112.85	111.18	1,949,660
Wednesday, March 4..	83.80	123.26	100.12	112.45	110.28	1,826,800



SOLVING EVERYDAY INSURANCE PROBLEMS

(Continued from page 849)

this coverage on a permanent form of life insurance, because this would ultimately prove more economical. For instance, a 30-Payment Life Policy taken at age 20 for $5,000 would cost (non-participating) annually $82.65. Over a term of 10 years, the premiums would therefore amount to $826.50. The surrender value in the 10th year is $535. Thus, the net cost over the 10-year period would be $291.50.

Cash, loan and paid-up values are not granted under Term policies, the insurance running out at the end of the stipuated term, if not previously converted. The cost for $5,000 on the 10-Year Convertible Term plan over the 10-year period is $407.50, or $116 more than the cost of permanent insurance as above shown. Moreover, the Limited Payment Policy is educative along lines of true thrift, building up for the future and planning for an accumulated value with smaller cost (indeed, no cost at all) in later years.

I would add that similar policies to those outlined above if taken on a participating plan would cost about 20% more in the early years, reducible by an annual dividend allotment. In the last analysis, the two work out about the same in cost to the insured.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$6	Adams Express	$1.50	Q	3-16	3-31
$12	Am Car & Fdy cm.	$3.00	Q	3-16	4- 1
$2	Am Chain Class A..	$0.50	Q	3-21	3-31
8%	Am Piano cm.......	2%	Q	3-14	4- 1
$4	Am Radiator	$1.00	Q	3-14	3-31
$2.40	Beechnut Pack cm..	$0.60	Q	3-25	4-10
$3	Burroughs Add cm.	$0.75	Q	3-14	3-31
$7	Calif Pet pfd.......	$1.75	Q	3-18	4- 1
$7	Continental Can pf.	$1.75	Q	3-20	4- 1
$7	Crucible Steel pf...	$1.75	Q	3-16	3-31
$8	Famous-Players cm.	$2.00	Q	3-16	4- 1
$4	Fleischmann cm ...	$1.00	Q	3-16	4- 1
$7	Gen Cigar deb pf..	$1.75	Q	3-24	4- 1
$6	Gen Motors 6% pf.	$1.50	Q	4- 6	5- 1
$6	Gen Motors 6% deb	$1.50	Q	4- 6	5- 1
$7	Gen Motors 7% pf.	$1.75	Q	4- 6	5- 1
$8	Gt Western Sugar..	$2.00	Q	3-14	4- 2
7%	Gulf Sta St'l 1st pf	1¾%	Q	3-20	4- 1
$5	Gulf States St'l cm.	$1.25	Q	3-20	4- 1
$3	Hudson Motor Car.	$0.75	Q	3-16	4- 1
$4	Inter Cement cm...	$1.00	Q	3-16	3-31
$5	Inter Harvester cm.	$1.25	Q	3-25	4-15
$7	Jewel Tea pf.......	$1.75	Q	3-20	4- 1
7%	Liggett & Meyers pf	1¾%	Q	3-16	4- 1
$7	Mack Truck 1st pf..	$1.75	Q	3-14	3-31
$7	Mack Truck 2d pf..	$1.75	Q	3-14	3-31
$6	Mack Truck cm....	$1.50	Q	3-14	3-31
$3	Nat'l Biscuit cm....	$0.75	Q	3-31	4-15
$3	Owens Bottle cm..	$0.75	Q	3-16	4- 1
$6	Pan Amer Pet A...	$1.50	Q	3-31	4-20
$6	Pan Amer Pet B...	$1.50	Q	3-31	4-20
$2	Phillips Pet	$0.50	Q	3-16	4- 1
$4	Stern Bros cm......	$1.00	Q	3-16	4- 1
—	Stern Bros cm......	$1.00	ext	3-16	4- 1
$4	Tidewater Oil	$1.00	Q	3-17	3-31
$4	West Penn cm.....	$1.00	Q	3-16	3-31
$4	Westinghouse El pf.	$1.00	Q	3-31	4-15
$4	Westinghouse cm ..	$1.00	Q	3-31	4-30
$4	White Motors cm...	$1.00	Q	3-21	3-31
$3	Wrigley Wm	$0.25	M	3-20	4- 1
$7	Youngst'n S & T pf	$1.75	Q	3-14	3-31
$4	Youngst'n S & T cm	$1.00	Q	3-14	3-31

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

Aeolian Co. pfd. (7)	80	— 90
Aeolian Weber	23	— 28
Aeolian Weber pfd. (7)	98	—105
Allied Packers	9	— 10
Sr. Pfd.	20	— 22
Pr. Pfd.	62	— 64
American Arch (5P)	109	—112
American Book Co. (7)	113	—116
Amer. Cyanamid (P)	133	—136
Pfd. (6)	84½	— 85
Amer. Thread pf. (5%)	4	— 4¼
Atlas Portland Cement (4)	127	—129
Babcock & Wilcox (7)	132	—135
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	100	—104
2nd Pfd. (7) G	92	— ..
Beaver Board pfd	36½	— 38
Common "A"	6	— 7
Common "B"	5½	— 7
Borden Co. (8)	151	—154
Pfd. (6)	104	—107
Bucyrus Co. (5)	143	—148
Pfd. (7)	100	— ..
Celluloid Co.	44	— 48
Pfd. (8)	94	— 97
Congoleum Co. pfd. (7)	103	—104
Crocker Wheeler	25	— 28
Pfd. (7)	75	— 79
Eisemann Mag. pfd. (7)	47	— 53
Franklin Rwy. S.	x92	— 96
Gen. Optical pfd. (3½)	28	— 32
Hale & Kilburn pfd	19	— 21
Ide (Geo. P.) & Co., Inc.	7	— 10
Pfd. (8)	65	— 70
Jos. Dixon Crucible (8)	136	—140
Ingersoll Rand (8P)	230	—240
Johns-Manville, Inc. (3P)	133	—138
Knox Hat	45	— 48
2nd Pfd.	57	— 63
Pr. Pfd. (7)	90	— 95
Lehigh Portland Cement (3)	67	— 70
McCall Corp'n	79	— 81
Pfd. (7B)	123	—126
Nat'l Fuel Gas (5P)	119	—122
New Jersey Zinc (8P)	190	—193
Niles-Bement-Pond	27	— 31
Pfd.	48	— 53
Phelps-Dodge Corp'n (4)	117	—122
Pierce, Butler & Pierce (8)	103	— ..
Pfd. (8)	93	— 98
Poole Engin'g (Maryland):		
Class A	18	— 21
Class B	17	— 20
Richmond Radiator Co.	28	— 33
Pfd.	—110	—115
Royal Bak'g Powder (8)	147	—150
Pfd. (6)	101	—103
Safety Car H. & L. (8)	121	—123
Savannah Sugar (6)	63	— 67
Pfd. (7)	82	— 85
Sheffield Farms (6)	130	— ..
Pfd. (6)	97	—101
Singer Mfg. Co. (7)	211	—214
Singer, Ltd. (England)	4	— 4⅜
Superheater Co. (K)	125	—129
Thompson-Starrett (4)	85	— ..
Victor Talk'g Mach. (8)	90	— 95
White Rock (K)	18	— 19
2nd Pfd. (5)	88	— 92
1st Pfd. (7)	98	—101
Yale & Towne (4P)	68	— 70

* Dividend rates in dollars per share designated in parentheses.

B—Arrears being discharged at rate of 7% annually in addition to regular dividend rate.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

K—Dividend rate on this stock not established.

P—Plus Extras.

OVER-THE-COUNTER dealings were on a good scale during the fortnight with active demand for some of the leading issues.

Outstanding feature of the market was Bucyrus Co. common which crossed 143, this price comparing with a level just 100 points lower which prevailed for the stock when favorable attention was first called to it here in the issue of September 1st, 1923. The advance reflects the development of the company's earning power, indicated by last year's net of over $30 per share on the common stock, as

compared with slightly over $25 per share in 1923; it also reflects the enlarged equities of the common stock in the last year and a half, resulting from the discharge of preferred-dividend arrears, which latter had been permitted to accumulate during the development program which the company undertook some years ago and which was financed entirely out of earnings; and, finally, the price advance reflects the strong financial position exhibited in the 1924 report and the recent inauguration of dividends on the common stock. The rate of dividends established on the common of 5% is manifestly small by comparison with last year's earnings of over 30%, and also by comparison with the earnings average for the last 8 years of over 16%. The company's business has been on a large scale for some time past, being helped in recent months by an increased foreign business as well as by the resumption of mining operations on a larger scale in this country.

Pierce, Butler & Pierce. The preferred stock of this company displayed a much better tone than for some time past, with sales at as high as 94. Strength was a natural sequence to the filing of the annual report for last year which showed a strong financial position, evidenced by a ratio of current assets to current liabilities of better than 10 to 1, and net earnings of over $696,000. These net earnings compare with dividend requirements on the 8% preferred of $142,000, and indicate over $14 per share on the common stock.

Empire Baking Co. Dealings in the shares of the Empire Baking Co., the latest bakeries combine to be formed, were conducted on a when-issued basis, current quotations on the "A" common being around 87½ and on the "B" common around 23. This corporation will have an authorized capitalization of 500,000 shares each of "A" and "B" stock, which issues will resemble other bakeries securities in that the "A" will be entitled to 8% and, thereafter, will share equally with the "B." A point of difference from other baking capitalizations will be noted in the absence of any preferred stock issue. The newest combine will include the Smith-Great Western Bakeries, operating eight bakeries in the Middle West and the New England Baking Co., operating six bakeries in the New England states. Bryce Smith, of Kansas City, Mo., is president. As no figures have been publicly available, up to this writing, as to the Empire Co.'s position or prospects, and as no public offering of the stock is anticipated, the quotations established for when-issued contracts in the securities may be mildly classified as somewhat arbitrary.

Johns-Manville. Sale of a large block of this stock at auction calls attention to strong financial position of the company. Earnings last year were figured at only $8.89 per share, but the surplus increased over $16 per share and totaled nearly $16,000,000.

UNDERPAID STOCKHOLDERS

(Continued from page 844)

out for mention here, the Steel Corporation is probably one of the most logical entries. Everybody knows, in a general way, what enormous sums have been plowed back into the Corporation's property. It is merely refreshing their memory to point out, for example, that since 1920, net tangible assets per share of common stock have been increased from $243 per share to $268 per share—that, since organization, Steel's marvelous development has been financed entirely out of earnings—that a large earning power has been established for the common, reflected in the 10-year earning average, to 1923, of $16.76 per share, earnings in 1923 of $16.42 per share and in 1924 of $11.76 per share.

With the Corporation's plants in their present condition, its development-needs as small as they are (by comparison with its earning power) its present supply of working capital would seem more than ample. Therefore, it is included among the companies which seem to be well able to pay larger dividends than they are now paying.

(Note: Since the above analysis was written, announcement has been made of an extra dividend of $10 a share on the common stock of the American Locomotive Co. and the declaration of a quarterly dividend of $2 a share, placing the former $6 stock on an $8 basis. It is interesting, in view of what has been said about American Locomotive here, to note the company's explanation of the enlarged dividend action, which calls attention to the fact that the amount of working capital had accumulated beyond the requirements of the company in its regular locomotive business. This, in slightly different words, is exactly the basis on which the writer of the foregoing analysis urged a special distribution. The American Locomotive item is left standing in the analysis despite the action taken, in the belief that stockholders will be interested in the facts and figures which it cites.)

INVESTMENT RISKS YOU NEEDN'T TAKE

(Continued from page 822)

er's account or remits, according to directions. The customer may appoint the trust company as agent, in which event the latter attends to the bothersome details of filling out ownership certificates as required by the Income Tax law. It is the business of the trust company to collect the principal of bonds, and advise the client of redemption calls and calls for tenders to sinking funds.

The trust company also notifies a custody account client of defaults in interest payments, rights of conversion or rights of subscription and sees to the execution of buying or selling orders in securities. If the possessor of a custody account desires to make an investment all he has to do is to write a letter to the trust company and say, "Buy 100 U. S. Steel common at the market." He has no further concern with the details of the handling of his order. He knows that the order will be executed by a reliable broker and the stock will be taken up by the trust company and placed in his account. If necessary the trust company will loan him funds to carry the stock.

Services to Corporations

The trust company will also act as treasurer or assistant treasurer of charitable, religious, or other corporations, undertaking all the duties associated with such offices including the keeping of books, accounts and records.

The general basis of charges for custody or safe-keeping accounts, is two per cent on the income received or disbursed. This is equivalent to one-tenth of one per cent on the securities deposited, assuming the income to average 5%. No charge is made on the principal and the minimum charge is $25 per annum.

It will be perceived that the custody account is not a luxury in which only the wealthy can afford to indulge, but is well within the means of even comparatively small investors. The owner of, say, $50,000 of mixed securities held in a safe-keeping account, for instance, pays only $50 a year for the many advantages which ensue from such an account. As insurance against loss and theft alone that sum is reasonable.

As previously remarked there has been a great increase in the number of custody accounts in the last few years. One large trust company in New York has approximately three quarters of a billion dollars of such accounts on its books, representing securities owned by upwards of 1,100 individuals. Distrust arising from Wall Street failures has stimulated the custody account branch of the

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THE STORY OF THE STRAUS PLAN

This booklet explains why this large first mortgage real estate bond firm can truthfully say that they have sold these securities for forty-two years without loss to any investor. (217)

THE PARTIAL PAYMENT

method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224)

ODD LOTS

A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225)

FOUR DISTINGUISHING MARKS

This 8-page booklet, issued by one of the largest first mortgage real estate bond houses, shows you how to "check up" first mortgage real estate bonds. Send for (264).

A QUESTION ANSWERED

An extremely interesting illustrated booklet explaining how a stock exchange firm handles out of town business. It shows how orders are treated from the time the letter arrives to the final placing of the certificates purchased. (278)

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An interesting book outlining a practical method for getting ahead, describing an interesting form of bond investments. Written in clear, non-technical language, and contents can be absorbed in 10 minutes. (285)

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By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for 3 months without charge. (290)

THE SAFETY OF SAVINGS

Would you like to get 6% for your money and know that it is placed in an institution equally as safe as a savings bank? Send for this money-saving booklet. (293)

HOW TO JUDGE SOUTHERN MORTGAGE BONDS

This free booklet contains the net of this old-established Company's experience in the First Mortgage Investment Field in the South. Ask for (302).

banking business. The personnel of those owning custody accounts ranges from the business man of wide activities to the individual who lacks financial experience or distrusts his own judgment in matters financial. A large percentage of women own custody accounts and they are especially favored by those who travel extensively in the course of a year's time.

What It Costs to Possess a Custody or Safe-Keeping Account

1. Accounts consisting of mixed securities or entirely of bonds—

1/10 of 1% of the par value held up to $500,000.
1/15 of 1% of the next $500,000 par value.
1/20 of 1% on all over $1,000,000 par value.

2. Accounts consisting entirely of large blocks of stock—

1/25th of 1% on amounts from $100,000 to $500,000 par value.

1/50th of 1% on the next $500,000 par value.
1/100th of 1% on all amounts over $1,000,000 par value.

NOTE

In lieu of the percentage on principal under 1 and 2 corresponding percentages based on income may be charged.

The minimum fee under headings 1 and 2 is $25.00 per annum.

3. Accounts consisting of no par value stocks—

Stocks of no par value are carried at $100 per share for record purposes. In cases where a substantial amount of, or the entire account consists of no par value stocks, a special rate may be arranged based upon the value of the stock to be determined.

4. Accounts consisting of Bonds and Mortgages—

1/8 of 1% of the par value held, plus $5 per year for each bond and mortgage in excess of one. A minimum fee of $25 per annum.

Special Charges

1. For making disbursements other than in the purchase of securities or remittance of income:

   $10 for 40 checks and 25c for each additional check per year.

2. For statements of securities held:

   Two security statements per year are included in the regular charge. A minimum charge of $2.50 will be made for each additional statement furnished.

TEN UTILITY STOCKS WITH LONG DIVIDEND RECORDS

(*Continued from page* 831)

slow growth of the State of Montana. Nevertheless, it has been a consistent earner and able to increase its dividends gradually until the present dividend is now $4 annually, the rate having been increased from $3 to $4 annually in 1923. Earnings are between $5 and $6 a share on the common so there should be no difficulty in maintaining the payments. Any rapid de-

velopment of the state would be quickly reflected in the company's earnings. However, for the present the common should be considered selling high enough as there is no indication of any advance in the rate, which will probably remain at $4 for some time to come.

Philadelphia Co.

Philadelphia Co. in 1923 increased its dividend from 6% on the $50 par value common shares to 8% when earnings were running about twice dividend requirements. Last year, from the viewpoint of earnings, was a poor one owing to small profits on natural gas, and earnings will probably be about $5 a share against dividend requirements of $4. The margin is small but this year's earnings are better so that there should be no fear as to the safety of the common dividend. The company has a dividend record unbroken since 1886.

Western Union Telegraph

Western Union Telegraph has been on a 7% basis since 1909 but there is good reason for believing that the time is not far off when the rate will be increased, probably some time this year. Only once in the twenty-five year period shown on the accompanying table was the company unable to pay its regular cash dividend and in 1908 paid out 2½% of the 3½% total paid in stock. Earnings continue to expand though slowly and there is no reason why the company should not be able to pay 8%.

Commonwealth Edison Co. of Chicago

While the regular rate on Commonwealth Edison Co. stock has been 8% annually, the fact that valuable "rights" are given each year has been a considerable factor in yield. The "rights" usually permit the stockholder to subscribe to new stock and value of course is dependent on the selling price in the market. The 8% rate has been maintained since 1912, making the issue a good investment proposition though selling above the 130, it does not show sufficient return to make it attractive at these prices.

Edison Electric Illuminating Co., Boston

Edison Electric Illuminating Co. of Boston, classed among the so-called rich man's stocks, is not especially recommended as the yield is too small. It is included in the table as showing the ability of an electric producing company to earn and maintain a 12% dividend over a long period of years.

Southern California Edison

There had been some unconfirmed rumors for a while that Southern California Edison Co. would probably be forced to lower its 8% dividend rate on the common stock. However, these were promptly denied by the officials. The 8% rate, from an impartial view-

point, might be open to question owing to the drastic supervision of the California Railroad Commission but will no doubt be maintained. The present selling price of the common at 105 makes a yield of close to 8% and seems attractive though on a speculative basis.

THE FINANCIAL YEGGMAN —1925 MODEL

(*Continued from page* 821)

The "Bah Jove" Salesman

Another new wrinkle is the "British" salesman. A crew of such have been plastering the Mohawk Valley with nicely printed certificates of more than doubtful value. These individuals are not Britishers, but "gyps" who have been to London and acquired a carefully modulated British accent. They eschew the flared coat and tight-fitting trousers of the "gyp" of yesterday and affect baggy English clothes of approved London material and pattern. They are the opposite of the "dynamiter" who seeks to impale his victim on the rapier of his conversation. Their low spoken, polished voices, supplemented by their impeccable London clothes and disarming British accent, are calculated to lull their victims into the belief that the latter are dealing with gentlemen and financiers. The ruse has been more than ordinarily successful.

Small and Big Fry

Usually the present-day "gyps" deal chiefly with small fry. The confirmation slip from which the printed matter was taken, quoted earlier in this article, was addressed to a man employed in a New York quick-lunch restaurant. Many and heartbreaking are the tales of the victims. Now it is a poor man who needed a few extra hundreds to send his boy to college. Again it is a widow who has received a few thousands from her husband's life insurance policy. To such, heartless crooks do not hesitate to sell at $5.00 or even $10.00 a share stock in some worthless company which cost the "gyp" firm as low as 15c a share. The boosting in price is called "dynamiting" and the term is colorful.

Occasionally larger fry get entangled in the nets of modern crooks. A man in New Jersey was recently victimized to the tune of $90,000. A trusted woman employe in an upstate bank was "taken" to the tune of pretty nearly all of the bank's liquid resources. Instances of spoliation involving from $20,000 to $50,000 are by no means rare.

From the difficulty of obtaining exact figures, the total of the plunderings of modern financial crooks is difficult to determine. Country-wide the

aggregate, in the course of a year, runs into many millions of dollars.

From the publicity given to financial fakers the impression may be gained that they are more than ordinarily active at the present time. This, however, is not the case. Publicity is the strongest weapon the law can use against the financial parasite and increasing organized efforts to stamp out financial fakers, have made the fullest use of the public prints. The present activity of the smooth-tongued gentry is the natural corollary of a bull market. In reality there is less of such activity than in former bull markets although we hear much more about it.

Curiously enough, the man who has been "stung" once is an easier victim the second time. In financial fakerdom the axiom that the burned child dreads fire fails to work. The victims hope to make back the money they have lost and hence are easy prey. A "virgin" name, that is the name of one not on any sucker list, has a market value of about 2c. The name of a "sucker" may command a market value as high as $5.00.

The Investor's Protection

How can the investor protect himself against the modern parasite? The simplest question in the world to answer. Nothing new or involved is contained in the reply. Find out who it is that seeks to do business with you. In other words—Investigate. When the financial faker finds out that you are looking into his business standing

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WILL BUSINESS RECOVERY BE SUSTAINED?

(*Continued from page 824*)

ent indications they should also be satisfactory.

Since the first of the year a good many companies have increased their dividend disbursements. It seems almost assured that more companies will be added to the list during the first half of the year.

It is clear that there has been a very considerable recovery in business from the low of last summer. In several instances, such as the steel, oil and metal groups, the recovery has been startling in its speed. Others such as the rails and public utilities are maintaining themselves on the same satisfactory basis of last year. The industries directly associated with farming, such as fertilizer and machinery, are steadily improving their position. Only a few such as sugar and coal are in a rather unfavorable position.

Summarizing: most industries are actively and profitably engaged. They

COMMODITIES

(See Footnote for Grades and Unit of Measure)

	1925 High	1925 Low	*Last
Steel (1)	$38.00	$37.00	$38.00
Pig Iron (2)	22.00	21.50	22.00
Copper (3)	0.15¼	0.14¾	0.14¾
Petroleum (4)	3.85	3.00	3.85
Coal (5)	1.90	1.88	1.90
Cotton (6)	0.25⅜	0.23⅞	0.25⅜
Wheat (7)	2.16	1.81	1.95
Corn (8)	1.27	1.18	1.27
Hogs (9)	0.11½	0.10⅛	0.11½
Steers (10)	0.11½	0.11	0.11
Coffee (11)	0.23⅞	0.21¾	0.21¾
Rubber (12)	0.39¼	0.35	0.39¼
Wool (13)	0.70	0.65	0.65
Tobacco (14)	0.24	0.22	0.22
Sugar (15)	0.04¾	0.04⅝	0.04¾
Sugar (16)	0.07	0.06⅛	0.06⅛
Paper (17)	0.04	0.03⅝	0.03⅝

* March 2.

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pool No. 11, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, $ per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky,—per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

are sure of good first quarter earnings and have reason to expect continuation of satisfactory conditions during the second quarter.

RAILROAD EQUIPMENT

Increased Activity Noted

The record of freight-car orders for 1924 was greatly improved by a late revival in the closing months of the year. This recovery was based upon an unusually heavy volume of railroad traffic, which necessitated more liberal allowances for rolling stock. With the business situation showing every indication of a sustained upswing, the carriers' needs are scarcely apt to grow less. New cars will be required to replace those worn out by intensive service. Others must be pressed into service to meet expanding demands.

Railroad equipment companies would, therefore, seem to be facing an era of greater activity. They have entered the current year with well filled order books, as a result of the revival referred to. Prices were lowered last year during the summer dull period. This stimulated a demand that was further increased by the conditions outlined. The stronger tone of the steel market and the pressure upon the railroads will probably lead to a reversal in the price situation, however.

The locomotive industry has lagged behind car business. But the employment of more cars cannot be accomplished without a proportionate increase in motive power. Improvement in this branch, already discernible in the past two months, should become more pronounced.

OIL

Outlook More Encouraging

An advance of 25 cents a barrel in Pennsylvania crude oil has dissipated the dull monotony of the oil industry. Premiums above the posted price have prevailed for some time so the increase is not entirely surprising. While predictions of a general upward movement are now rife, the trade views this movement with mixed emotions.

Higher prices would undoubtedly lead to better earnings and enhancement of inventory values. It is feared, however, that an upswing at this time would bring retribution later. The statistical position of the industry remains unfavorable. Stocks of crude and refined oils are lower but still unwieldy.

Consumption will not begin its seasonal expansion for some time. Production, on the other hand, refuses to shrink. Instead, the Wortham field in

Texas has aggravated excessive output. Daily production is back to the 2 million barrels-a-day mark once more. As the peak of activity in this field may not be reached until February, no very marked improvement in the demand and supply situation is likely in the immedaite future.

Yet these facts should not be taken too literally. The oil industry is in strong hands. Its financial condition, by and large, is sound. Moreover, the Wortham production, assuming the above prediction is borne out, will begin to decline about the time gasoline comes into most active demand. A reasonably optimistic view would seem to be justified, accordingly.

INCOME TAX DEPARTMENT

(*Continued from page* 860)

Net Losses

Q. Is it permissible to carry forward the following net loss established in 1923 as a credit on a 1924 return: My income from salary was $3,500 and after all deductions, left a balance of $1,950. Among the deductions was a loss on stocks of $1,500. My personal exemption was $3,300 which exceeded my income of $1,950 so as to make a net loss of $1,350. Can either the loss on stocks of $1,500 or the net loss of $1,350 be carried forward in any way as a credit to the 1924 report?—G. K. B.

A. Net losses from business may be carried over from one year and deducted from the net income of the following year. In the case cited in your letter, however, no net loss was sustained since the example is one where the net income is less than the exemption. This does not result in a net loss. The unused part of an exemption of one year may not be carried over and deducted from the net income of the following year.

Securities Under a Passive Trust

Q. Several years ago I became jointly interested with two others in the ownership of some stocks which were carried in the name of one of our number as trustee. The trustee died during the past year, and our matter was taken over by his executor for settlement. In making up our income statement the executor insists that we establish our profit on the stocks distributed to us the same as though they were sold. I take the position that this distribution was not a sale and that we would not establish our profit and pay tax until such time as we actually sold said stocks. Kindly let me know your opinion of the matter.—E. L. B.

A. From your letter, it appears, that the trust was a so-called "passive trust," the trustee merely holding securities in name only, the actual bene-

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INVESTMENT GUIDE

Issued by the oldest first mortgage house in Chicago. It explains how to invest savings at the highest interest rate consistent with safety. (256).

BANKERS SHARES REPRESENTING TEN EDISON COS.

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THE PRUDENCE PARTIAL PAYMENT PLAN

An interesting booklet describing how guaranteed first mortgage Prudence Bonds may be purchased in small installments. Special features of the booklet are the chart which shows how money grows and the fact that the partial payments draw 5½% interest. (316).

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ficial interest being in those jointly interested. To the extent, therefore, that the stocks distributed represent original purchases with your own funds, the distribution by the executor is not a closed transaction and no profit need be reported until the securities are actually sold and the profit realized.

Carrying Over Net Losses

Q. Kindly let me know through your column the meaning of the provision of carrying over net losses. Where the loss results from an investment in notes and stock of a corporation in which I was director exceeds my income by $8,000, is this loss deductible?—J. H. C.

A. Unless your business consisted of investing money in corporations and loaning money on notes to corporations, your loss on this transaction is not a business net loss. Only business net losses can be carried over and deducted from the next year's income.

Loss on Failure of Stock Broker

Q. In 1922 the stock broker with whom I carried on went into bankruptcy. In December of 1924 I received a first and final payment in liquidation of my account. I sustained a substantial loss in the transaction. May I in your opinion deduct this loss from my 1924 income?—R. W. H.

A. You may deduct from your 1924 income tax return as a bad debt the loss which you finally determined upon receipt of the dividend in liquidation of the stock broker in December, 1924.

SCHOOL FOR TRADERS & INVESTORS

(*Continued from page* 858)

is really the burden of this whole discussion, namely, their relationship to price movements in the security markets.

We have pointed out heretofore that the relation of such statistics to security price movements is indirect and complex. Nevertheless, there is a relationship that offers an important, and sometimes almost indispensable, background for the closer study of security values by the investor and speculator.

One who is familiar with the rudiments of investment and speculation understands the discounting process of the stock market, and the futility of attempting to use the general average cycle of business prosperity as an indicator of what is likely to follow in the security market. The merest novice in such matters knows that such an attempt would be equivalent to putting the cart before the horse. Nevertheless, proper analyses of many fundamental situations may lead to some of the most valuable and accurate forecasts of price movements of

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Meetings

SOUTHERN PACIFIC COMPANY
NOTICE OF MEETING
165 Broadway, New York, N. Y.
January 2, 1925.

The Annual Meeting of the Stockholders of the Southern Pacific Company will be held at the office of this Company in Anchorage, Jefferson County, Kentucky, on Wednesday, April 8, 1925, at twelve o'clock noon, standard time, for the following purposes, viz.:

1. To elect fifteen Directors.
2. To transact all such other business as may legally come before the meeting including the approval and ratification of all action of the Board of Directors and of the Executive Committee since the last annual meeting of the Stockholders of this Company.

For the purposes of the meeting the books for the transfer of stock will be closed at 3 o'clock P. M., Monday, March 23, 1925, and will be reopened at 10 o'clock A. M., Thursday, April 9, 1925.

By order of the Board of Directors.
HUGH NEILL, Secretary.

Business Opportunities

GROW 'EM FOR WEALTH! EAT 'EM FOR HEALTH! Would you like to know something of the story of those far-sighted people who are planting their money where it grows—in fig orchards? How they benefit by the skill of experts in care of their orchards? How the Company clears the land, plants the trees of the finest improved variety of figs, cares for, cultivates, irrigates and even gathers and markets the crop for you? How the Company installs a canning and preserving plant from which you may derive an additional profit? How a small investment—made under the Company's Easy Payment Plan—makes this opportunity available to all. Write today for free information. Winter Garden Orchard Company, 406 East Travis St., San Antonio, Texas.

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Dividends

American Woolen Company

(Massachusetts Corporation)
QUARTERLY DIVIDEND

Notice is hereby given that the regular quarterly dividend of One Dollar and Seventy-Five Cents ($1.75) per share on the Preferred Stock of this Company will be paid on April 15, 1925, to stockholders of record March 16, 1925.

Transfer Books for Preferred Stock will be closed at the close of business March 16, 1925, and will be reopened at the opening of business March 26, 1925.

WILLIAM H. DWELLY, Treasurer.
Andover, Mass., March 3, 1925.

The Autocar Company

February 25, 1925.

A quarterly dividend at the rate of Eight Per Cent (8%) annually, has been declared on the Preferred Stock of The Autocar Company of Ardmore, Pa., payable March 15 to stockholders of record at the close of business on March 5.

ROSCOE T. ANTHONY, Secretary.

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Dividends

Public Service Corporation of New Jersey

Dividend No. 71 on Common Stock

Dividend No. 25 on 8% Cumulative Preferred Stock

Dividend No. 9 on 7% Cumulative Preferred Stock

The Board of Directors of Public Service Corporation of New Jersey has declared dividends at the rate of 8% per annum on the 8% Cumulative Preferred Stock, being $2.00 per share; at the rate of 7% per annum on the 7% Cumulative Preferred Stock, being $1.75 per share; and $1.25 per share on the non-par value Common Stock for the quarter ending March 31, 1925. Dividends are payable March 31, 1925, to stockholders of record March 13, 1925.

T. W. Van Middlesworth, Treasurer

MALLINSON'S
Silks and Fabrics de Luxe

H. R. Mallinson & Co., Inc.
299 FIFTH AVENUE NEW YORK CITY
March 4, 1925.

PREFERRED DIVIDEND No. 22

The Board of Directors of this corporation has declared the regular quarterly dividend No. 22 of 1¾% on the Preferred Stock, payable April 1, 1925, to stockholders of record at the close of business, March 20, 1925.

E. IRVING HANSON, Treasurer.

THE DETROIT EDISON COMPANY
60 Broadway
New York, February 28, 1925.

A quarterly dividend of two per cent (2%) upon the Company's capital stock will be paid on April 15, 1925, to stockholders of record at the close of business on March 20, 1925. The stock transfer books of the Company will not be closed.

J. F. FOGARTY, Secretary.

securities specifically involved. Such fundamental studies usually have little bearing on nearby speculative price changes in the stock market, but in connection with certain long-pull forecasts, the accuracy of their indication may at times be almost infallable. A few examples will illustrate our point.

Suppose the outlook for crops is good, and a satisfactory price is assured. This means prosperity for the farmer, and incidentally—and here is the significant point—suggests profitable business for mail-order houses, manufacturers of agricultural machinery and automobiles. Very large crops in certain districts suggest increased business for the railroads serving those localities. Hence, with the above tendencies highly probable, the investor and trader will pay special attention to the stocks of such mail-order houses, farm machinery manufacturers and automobile companies as may be in sound condition, especially when such shares develop technical strength after a period of depression. In such cases the fundamental probabilities, however indirect they may be, serve to confirm and justify the increasing technical strength, so that the latter may be acted upon with confidence and assurance.

Another fundamental indicator of importance is the rate of change in unfilled orders of the U. S. Steel Corporation. The report of unfilled orders may show a sharp decline from month to month for a period of several months. Then the rate of decline may decrease gradually from month to month, until it becomes trivial and indicates stabilization suggesting that the pendulum may be making ready to swing in the opposite direction. Now is the time to make proper use of fundamental statistics, and not after orders are actually on the sharp increase. Preliminary improvement in orders combined with a general hardening of the technical position of the shares of the strongest steel companies, suggests that it may be time to accumulate such shares, in spite of the fact that earnings statements may show that the companies are still losing money. In other words, stocks are in most favorable position for purchase when there is something favorable ahead for them to discount. In this connection, the study of fundamental statistics has its most important bearing on the problem of the investor and long-pull trader.

Numerous illustrations of similar character could be cited. Many such relationships are complex, and fundamental influences are often indirect, but an analytical study thereof is well worth the trouble involved, provided the investigator bears in mind that what he is looking for is not confirmation of present prosperity, but the beginning of a trend that points to the development of a prosperous situation at some future date, so that the shares likely to benefit by such a development have something important to discount which is not yet apparent to the casual and superficial observer.